



COUNTY GOVERNMENT OF NYERI

ASSET AND LIABILITY MANAGEMENT POLICY AND PROCEDURE MANUAL

JANUARY, 2026

FOREWORD

The Constitution of Kenya 2010 fundamentally restructured governance by establishing 47 County Governments each entrusted with a significant degree of autonomy over its functions, resources, and governance. Article 186 and the Fourth Schedule of the Constitution outline the distribution of functions between the National and County Governments granting Counties the mandate to manage their own assets. Furthermore, Article 209(3) and Article 185 empowers the County Governments to impose taxes and charges and make laws necessary for the execution of their functions including policies governing asset and liability management.

In line with these Constitutional provisions, the County Government of Nyeri has to ensure prudent management of its assets and liabilities. In order to achieve the aspirations expressed in the CIDP 2023-2027 the assets and liabilities procedure manual will ensure prudent utilization of assets for delivery of services to the citizenry. However, the absence of a standardized framework for the Assets and Liabilities identification, valuation, recognition, recording, maintenance and reporting has presented significant challenges in financial reporting, auditing county assets and liabilities and loss of assets. This has had a direct impact on financial accountability, transparency, and service delivery in the County.

To address these challenges, the County Treasury of Nyeri has developed this Asset and Liability Management Policy and Procedures manual to provide a structured approach to asset administration and management by adopting a lifecycle approach that includes planning, acquisition, operation, maintenance, and disposal while ensuring proper utilization of County Assets. Moreover, the policy and procedures manual establishes clear guidelines for managing liabilities to enhance financial discipline and sustainability.

I urge all County departments and entities to adopt and adhere to this policy and procedures manual to ensure efficient asset management, optimize resource utilization, and promote fiscal responsibility. Implementing these guidelines will not only safeguard public assets but also contribute to the realization of Nyeri County's long-term development goals.

Robert Thuo Mwangi.

COUNTY EXECUTIVE COMMITTEE MEMBER

FINANCE, ECONOMIC PLANNING & ICT

PREAMBLE

It is with great pleasure and honor that I present to you the Asset and Liability Management (ALM) Policy and Procedures Manual for the County Government of Nyeri, a strategic framework that not only aligns with our county goals but also integrates with the broader context of the National Policy on Asset and Liability Management. As the Chief Officer for Finance, I recognize the critical role that effective asset and liability management plays in achieving our county’s goals and sustaining our mission.

As Counties shift towards accrual-based accounting as part of broader public financial management reforms that offer improvement of the tracking of government expenditures and enhance financial performance. Asset management remains a challenge due to the absence of a standardized framework for identifying, valuing, recognizing, recording, and reporting assets and liabilities.

The ALM Policy and Procedures Manual outlined in this document reflects our commitment to prudently manage our assets and offer a structured approach to asset and liability management. The County Treasury of Nyeri considered key legal frameworks, including the Constitution of Kenya 2010, County Government Act 2012, Public Financial Management Act of 2012 and its regulations, the Public Procurement and Asset Disposal Act of 2015 and its regulations, the National Treasury’s & Planning policy on Asset and Liability Management in public sector , Nyeri Finance Act 2025 and other relevant laws and circulars.

The development of this policy and procedures manual involved collaborative efforts of various institutions and professionals. I would like to express my sincere gratitude to all stakeholders who contributed to its development.

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Stephen Kioni,
Chief Officer- Finance & Accounting.
COUNTY GOVERNMENT OF NYERI

GLOSSARY OF TERMS

Abbreviation	Full meaning
ALM	Asset and Liability Management
ASB	Accounting Standards Board
CECM	County Executive Committee Member
CO	Chief Officer
CG	County Government
DAS	Director Accounting Service
DCF	Discounted cashflow
DRC	Depreciation replacement cost
GFS	Government Financial Statistics
GOK	Government of Kenya
IAS	International Accounting Standards
IDP	Integrated Development Plan
CIDP	County Integrated Development Plan
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IGRTC	Inter – Governmental Relation Standing committee
IMF	International Monetary Fund
IMS	Information Management System
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
MDAs	Ministries, Departments and Agencies
NALM	National Assets and Liabilities Management
NG	National Government

NPV	Net Present Value
NT	National Treasury
PFM	Public Finance Management
PIPM	Public Investments & Portfolio Management
PPAD	Public Procurement and Asset Disposal
PPE	Property, Plant & Equipment
PPP	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
PSASB	Public Sector Accounting Standards Board
SAGA	Semi-Autonomous Government Agencies
SCOA	Standard Chart of Accounts
SACGAs	Semi Autonomous County Government Agencies

DEFINITION OF TERMS

“**Asset**” is a resource owned, or in some cases, controlled, by an individual or organization as a result of past events and from which future economic benefits or social benefits are expected to flow to the entity. Assets may be movable or immovable, tangible or intangible, and include equipment, land, buildings, animals, inventory, cash and cash equivalents, receivables, investments, natural resources like wildlife and, intellectual rights vested in the state or proprietary rights.

“**Asset condition assessment**” is the structured assessment of an entity’s asset base to ascertain performance information such as functionality, operational importance and usage. Decisions made from analyzing the outcomes of the condition audit are factored into the asset management plans.

“**Asset management**” is a systematic process of planning, acquisition, operating, maintaining, and disposing of assets in the most cost-effective manner (including all costs, risks and performance attributes).

“**Accounting officer**” has the same meaning assigned to it in section 2 of the Public Finance Management Act, No. 18 of 2012

“**Accounting officer**” has the same meaning assigned to it in section 2 of the Public Finance Management Act, No. 18 of 2012.

“**Accounting Standards Board**” has the same meaning assigned to it in section 2 of the Public Finance Management Act, No. 18 of 2012.

“**Appropriations-In-Aid**” (A-in-A) refers to income that a public sector entity is authorized to retain (rather than surrender to the Consolidated Fund). The income offsets related expenditures in the current financial year. This income is voted by Parliament in the printed estimates.

“**Carrying amount**” is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses. This is also referred to as net book value in books of account.

“**Cabinet Secretary**” has the same meaning assigned to it in section 2 of the Public Finance Management Act, No. 18 of 2012.

“Chart of account” has the same meaning assigned to it in section 2 of the Public Finance Management Act, No. 18 of 2012.

“Class of assets” means a grouping of assets of a similar nature or function in an entity’s operations that is shown as a single item for disclosure in the financial statements.

“Contingent asset” is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

“Control” of an asset means that an entity has the power to obtain the future economic benefits or service potential flowing from the underlying resource and to restrict the access of others to those benefits or that service potential.

“Cost” is the amount of cash or cash equivalents paid and the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of other internationally recognized Accounting Standards.

“County government entity” has the same meaning assigned to it in section 2 of the Public Finance Management Act No. 18 of 2012.

“County Treasury” has the same meaning assigned to it in section 2 of the Public Finance Management Act No. 18 of 2012.

“Depreciation” is the systematic allocation of the depreciable amount of an asset over its useful life.

“Depreciable amount” is the cost of an asset, or other amount substituted for cost, less its residual value.

“Derecognition” is the removal of a previously recognized asset or liability from an entity’s statement of financial position.

“Development expenditure” has the same meaning assigned to it in section 2 of the Public Finance Management Act No. 18 of 2012

“Disposal” has the same meaning assigned to it in section 2 of the Public Procurement and Asset Disposal Act No. 33 of 2015.

“Disposal cost” is the cost of removing a product after its usefulness has ended, including costs to decommission, dismantle, make it environmentally safe, transport, and dump. If the products are sold and the proceeds from the sale exceed the other costs of disposal, the product will have a disposal value that reduces the life-cycle cost.

“Donation” means a gift or a contribution; as defined under section 47 of the PFM Act, 2012.

“Effectiveness” relates to how well outcomes meet objectives. It concerns the immediate characteristics of an entity’s outputs and the degree to which an asset contributes to achieving specified outcomes.

“Efficiency” relates to the productivity of public sector entity resources used to conduct an activity to achieve the maximum value for those resources, to ensure that it is appropriate to business needs, the best value for money, and consistent with the principles outlined in the PFM Act, 2012.

“Financial assets” refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity. Examples of financial assets include cash, equity instruments of other entities held by the entity, and a contractual right to receive cash or another financial asset from another entity.

“Fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

“Financial instruments” means contracts that give rise to the financial assets of one entity and a financial liability or equity instrument of another entity.

“Financial statements”, has the same meaning assigned to it in section 2 of the Public Finance Management Act, No. 18 of 2012.

“Functionality” is ‘fitness for purpose’. It describes how well an asset matches the activities that it supports.

“Government” means the Government of the Republic of Kenya, including national and county governments, and their entities.

“Impairment loss of a cash-generating asset” is the amount by which the carrying amount of an asset exceeds its recoverable amount.

“Impairment loss of a non-cash-generating asset” is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

“Implicit interest rate” is an interest rate that is not specifically stated in a business transaction. Any transaction that involves a stream of payments extending over multiple future periods must incorporate an interest rate, even if there is no rate stated in the related business contract, otherwise, the contract does not reflect the cost associated with delaying payments over a period of time, which is known as interest expense.

“**Liability**” is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

"**Loans**" has the meaning assigned to it under Article 260 of the Constitution.

“**Monetary items**” are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

“**National government entity**” has the meaning assigned to it in section 2 of the Public Finance Management Act No. 18 of 2012.

“**National Treasury**” has the same meaning assigned to it in section 2 of the Public Finance Management Act No. 18 of 2012. The title of the National Treasury to be used at a point in time may take the title as provided for under executive orders issued from time to time.

“**Net Book Value**” is the cost, fair value, or revalued amount of an asset after deducting any accumulated depreciation and accumulated impairment losses. This is usually the carrying amount in the financial statements.

"**Non-financial assets**" means an item that has its value determined by physical and tangible characteristics for example stores, equipment, land, buildings, animals, inventory, stock, natural resources like wildlife, intellectual rights vested in the state, or proprietary rights.

“**Non-monetary items**” are items that are not monetary items.

“**Operational importance**” of an asset reflects how heavily the asset user depends on the asset to meet service delivery obligations.

“**Procurement**” has the meaning assigned to it in section 2 of the Public Procurement and Asset Disposal Act of No. 33 of 2015.

“**Provision**” is a liability of uncertain timing or amount.

“**Public entity**” has the meaning assigned to it in section 2 of the Public Procurement and Asset Disposal Act of No. 33 of 2015.

"**Public-private partnership**" has the meaning assigned to it under Part 1 Section 2(b) of the Public Private Partnership Act, 2013

“**Public sector entity**” refers to a public entity as defined above.

“**Recognition**” is the process of incorporating and including an item in amounts displayed on the face of the appropriate financial statements.

“Records” is a document regardless of form or medium created, received, maintained, and used by an organization in pursuance of legal obligation or in the transactions of business, of which it forms part or provides evidence.

“Recoverable amount” is the higher of a cash-generating asset’s fair value less costs to sell and its value in use.

“Recoverable service amount” is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

“Research” is an original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

“Residual value” of an asset is the estimated amount that an entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

“Records” document regardless of form or medium created, received, maintained, and used by an organization in pursuance of legal obligation or in the transactions of business, of which it forms part or provides evidence.

“Risk management” involves the systematic identification, analysis, treatment, and allocation of risks. The extent of risk management required will vary depending on the potential impact of the risks. Risk is part of the environment in which entities operate.

“Social benefits” refer to goods, services, and other benefits provided in the pursuit of the social policy objectives of a public sector entity.

“System” means a set of detailed methods, procedures, and routines created to carry out a specific activity, perform a duty, or solve a problem.

“State corporation” means a state corporation within the meaning of the State Corporations Act, Cap 446.

“Surplus” means the amount of an asset or resource that exceeds the portion that is utilized. A surplus is used to describe excess assets including income, profits, capital, and goods. **“Usage of asset”** is an assessment of how intensively an asset is used based on its design specifications. Use may be classified as expected, excessive, or under-utilized.

“Useful life” is: The period over which an asset is expected to be available for use by an entity.

“Value for money” means the undertaking by a procuring entity that results in a benefit accruing to that procuring entity defined in terms of cost, price, quality, quantity, timeliness, and risk transfer.

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1 CHAPTER ONE

INTRODUCTION AND RATIONALE FOR THE POLICY

1.1 introduction

The history of asset management practices in Counties in Kenya is tied to the evolution of local government structures and the devolution process that transformed how assets are managed and utilized at the County level. Before Kenya's devolution in 2010, asset management was largely controlled by the Central Government while Local authorities (such as Municipal Councils and County Councils) were responsible for managing assets within their localities.

The enactment of the Constitution of Kenya 2010, involved the transition of centralized government system to 47 devolved units called county governments. The Transition Authority established under the Transition to Devolved Government Act 2012 was responsible for overseeing the transfer of functions, assets and liabilities from National Government to County Governments. It managed the phased transfer process which began in 2013 and included the unbundling of functions. However the Transition Authority mandate expired in 2015, paving way for the Intergovernmental Relations Standing committee (IGRTC) established under IGRTC Act 2012. IGRTC took over the residual mandate of the Transition Authority after its dissolution. IGRTC currently manages and facilitates the transfer of functions, assets and liabilities between National and County Governments.

In line with the Policy on Assets and Liability Management in the Public Sector, 2020, the County Treasury of Nyeri has developed this Asset and Liability Management (ALM) Policy and Procedures Manual to provide a structured approach and ensure County transitions effectively towards accrual accounting. Moreover, the policy and procedures manual establishes clear guidelines for managing liabilities to enhance financial discipline and sustainability. Through this policy and procedures manual, the County Government of Nyeri aims to achieve improved resource allocations, strengthen internal controls, and enhance public sector accountability in line with best international practices.

VISION

A wealthy County with healthy and secure people for shared prosperity.

MISSION

To create, enhance and sustain an environment that unlocks potential of the people of Nyeri to achieve progressive socio-economic growth by running an open and inclusive government

CORE VALUES

○ Patriotism

Our devotion to the county and its aspirations will be manifested in what we say and what we do.

○ Innovativeness

We nurture and support creativity and the development of new ideas, products, and processes in delivery of services.

○ Teamwork

We deliberately work together, collaboratively and across sectors to deliver services to the citizens of Nyeri and win their approval.

○ Integrity

We are open, honest, trustworthy, and transparent in always dealing with all our stakeholders and especially the citizenry.

○ Inclusivity

We are committed to provide equal access to opportunities and resources to all citizens.

○ Accountability

We honour our commitments to our stakeholders by doing what we say we will do.

1.2 The Rationale of the Policy

This ALM Policy and Procedures Manual is grounded in the need to effectively manage the financial stability and operational sustainability of the county government and its entities. It is multi-faceted, focusing on ensuring financial stability, risk mitigation, optimal resource allocation, regulatory compliance and strategic financial planning. The policy is essential for the county to not only survive but thrive in a complex financial landscape by optimizing its balance between assets and liabilities, thus safeguarding long-term sustainability and growth. It also ensures that asset and liability management is conducted in a transparent, consistent,

and accountable manner under the accrual basis of accounting. It also aids in deliberately catering for maintenance of assets.

1.3 Aims of the Policy and Procedures Manual

The aims of this ALM Policy and Procedures Manual are:

- a) Promoting accountability in Assets and Liabilities Management
- b) Promoting effective management and safeguarding of public assets
- c) Ensuring standardization in all County Departments and its Entities in:
 - i Planning, identification, acquisition, maintenance, disposal, valuation/revaluation, recording, and disclosure of Assets.
 - ii Planning, identification, incurrence, monitoring, discharge or settlement, recording and disclosure of liabilities
 - iii Assets and Liabilities data management and reporting.
- d) Ensuring proper authorization of acquisition and disposal of assets
- e) Enabling accurate timely reporting to facilitate decision-making on assets and liabilities.
- f) Promoting efficient maintenance of County Government inventory of Assets and Liabilities for all departments and its entities.

1.4 The Objective of the Policy and Procedures Manual

The specific objectives of this ALM Policy and Procedures Manual are to:

- a) Strengthen the framework governing Assets and Liabilities Management in all County departments and entities.
- b) Create a strong framework for standardized, effective, and efficient Assets and Liabilities reporting.
- c) Create a framework for the development of County departments and its entities Assets and Liability inventories.
- d) Establish a framework for alignment of Assets and Liability Management to relevant laws and regulations, and to ensure compliance with prudent public financial management.
- e) Enhance the regulatory framework for the management of Assets and Liabilities to ensure consistency with International best practices, through periodic reviews of

existing laws, regulations, international accounting standards, and proposals for the development of new legislation (if necessary).

- f) Provide supporting guidelines for the adoption of an accrual basis of accounting by all County departments and entities.
- g) Ensure asset acquisition, operation, maintenance, and disposal decisions are integrated into the County Strategic planning process.
- h) Ensure sound risk-based internal controls supporting all asset and liability management practices.

1.5 Scope of the Policy and Procedures Manual

This ALM policy and procedure manual applies to:

- Assets and Liabilities either owned or under control of the county government and its entities.
- Entities: County Government and its entities
- Personnel: All employees (permanent and contracted), Interns, and third party vendors of the Nyeri County Government and its entities.

Accounting Officers may establish additional internal controls, policies and procedures that are consistent with this policy to supplement the governing principles contained in this document.

1.6 Policy and Procedures Manual Development Process

The process of developing this ALM Policy and Procedures Manual involved the establishment and operationalization of the County Assets and Liabilities Management Working Group, review and referencing on existing county and national frameworks, engagement of the National Treasury Asset and Liability Management department, consultation with Technical working teams and subjecting the policy and procedures manual to internal and external stakeholder's engagement and approval.

2 CHAPTER TWO

LEGAL AND REGULATORY FRAMEWORK

2.1 Introduction

This section outlines the legal and regulatory framework governing Assets and Liabilities Management within the County Government of Nyeri. It situates the policy within the constitutional and statutory context, identifies the institutional arrangements currently in place and highlights key gaps and challenges affecting the effective identification, valuation, utilization, safeguarding and reporting of County assets and liabilities. The section further underscores the need for a coherent and coordinated framework to enhance accountability, fiscal sustainability and prudent public financial management.

2.2 Overview of Current Legal and Regulatory Framework

Asset and Liability Management within the County Government is anchored on the Constitution of Kenya, 2010 and a range of national and county legislations that define public finance principles, asset ownership, procurement, disposal, borrowing and intergovernmental relations. These instruments collectively impose obligations on the County Government to manage public resources in a transparent, accountable and economically efficient manner. They include but are not limited to:

2.2.1 Legislative authorities

- a. Constitution of Kenya, 2010
 - It provides the foundational principles for public finance management and establishes the framework for devolution, ownership of public land and transfer of assets, liabilities and functions between levels of government under the Fourth Schedule.
- b. Cabinet Secretary to the Treasury (Incorporation) Act, Cap 101, Revised 2012
 - Establishes the legal personality of the National Treasury, which plays a central role in public debt management, guarantees and fiscal oversight that may impact county assets and liabilities.
- c. Public Finance Management Act, 2012
 - Provides the principal framework for management of public finances at the national and county level, including budgeting, accounting, financial reporting, asset safeguarding, borrowing and management of public debt and obligations.

- d. Public Procurement and Asset Disposal Act, 2015
 - Regulates the acquisition, leasing, transfer and disposal of public assets, ensuring value for money, competitiveness and transparency.
- e. County Governments Act, 2012
 - Defines the governance and administrative structures of county governments and assigns responsibility for management of county assets to county institutions and officers.
- f. Intergovernmental Relations Act, 2012
 - Provides mechanisms for cooperation and coordination between the National and County Governments, particularly in the transfer of functions, assets and liabilities.
- g. Public-Private Partnerships Act, 2013
 - Governs the development and management of PPP arrangements, which may create contingent liabilities, long-term contractual obligations and shared asset ownership
- h. Companies Act, 2015
 - Applies to County Government-owned corporations, with implications on asset ownership, governance and liabilities.
- i. Land Act, 2012
 - Regulates administration and management of public land, including county public land, acquisition, leasing and registration of land-based assets.
- j. Valuers Act, Cap 532
 - Regulates professional valuation of assets, supporting accurate asset valuation, revaluation and reporting.
- k. Physical and Land Use Planning Act, 2019
 - Guides planning, development control and zoning of county land and built assets.
- l. Public Audit Act, 2015
 - Provides for audit of public assets and liabilities and imposes accountability obligations on Accounting Officers regarding safeguarding of public resources.
- m. The Conflict-of-Interest Act, 2025
 - Provides the legal framework for the prevention, disclosure, management and enforcement of conflicts of interest in public service and applies to all decisions

relating to the acquisition, valuation, leasing, maintenance, insurance, disposal and management of County Government assets and liabilities.

- n. Transition to Devolved Government Act, 2012
 - Provides the legal framework for the identification, verification and transfer of assets and liabilities from the National Government to County Governments following the introduction of devolution.
- o. National Government Coordination Act, 2013
 - Provides the statutory framework for coordination, consultation, and cooperation between the National Government and County Governments.
- p. Nyeri County Finance Act
 - Provides county-specific fiscal measures that may affect asset acquisition, revenue-generating assets and liability management.

2.2.2 Subsidiary legislations

Asset and Liability Management is further guided by subsidiary legislations and administrative instruments, including but not limited to:

- a. Public Finance Management (National Government) Regulations, 2015;
- b. Public Finance Management (County Governments) Regulations, 2015;
- c. Public Procurement and Asset Disposal Regulations, 2020;
- d. National Public Procurement and Asset Disposal Policy, 2020;
- e. Policy on Asset & Liability Management in the Public Sector, 2020;
- f. General and Specific Guidelines on Asset and Liability Management in the Public Sector, 2020;
- g. International Public Sector Accounting Standards (IPSAS);
- h. Executive orders;
- i. Government circulars;
- j. Gazette notices;
- k. Legal Notices;
- l. Legislative supplements; and
- m. Other legal or statutory documentation that relates to Assets and Liabilities.

2.3 Accounting standards

Assets and Liabilities Management within the County Government of Nyeri is guided by accounting standards prescribed by the Public Sector Accounting Standards Board (PSASB) of Kenya, including the adoption of accrual-based accounting. These standards require:

- a) Proper recognition, valuation and depreciation of assets;
- b) Comprehensive disclosure of liabilities;
- c) Consistent and comparable financial reporting across departments and entities; and
- d) Enhanced transparency and auditability of public resources.

2.4 Gaps and Challenges in Assets and Liabilities Management in the County

Despite the existence of an elaborate legal and regulatory framework, significant gaps and operational challenges persist in the management of assets and liabilities within the County Government. These include:

2.4.1 Lack of ownership documents for Inherited Assets

The absence of proper ownership documentation for inherited assets remains a critical challenge, arising from:

- a. Incomplete transfer of functions and assets, where assets were devolved without accompanying title deeds or transfer instruments;
- b. Competing ownership claims, involving the National Government and County Government;
- c. Inadequate asset mapping and baseline inventories during the transition period;
- d. Delays in validation and gazettelement of transfer schedules by the IGRTC and relevant national institutions.

This situation exposes the County to legal disputes, loss of assets, and inability to optimize asset use.

2.4.2 Lack of a coordinated institutional framework

The absence of a centralized Asset and Liability Management function has led to siloed management practices across departments. There is limited clarity on roles and responsibilities relating to asset custody, liability approval, monitoring and reporting, thereby weakening accountability and strategic oversight.

2.4.3 Lack of Standardized Assets and Liabilities Registers

Assets and Liabilities registers maintained by county departments and entities do not have a standardized format and hence have varied information contained therein. The classification of Assets and Liabilities into various categories also differs across the entities due to a lack of defined classification criteria. This impedes the consolidation of the information into registers of Assets and Liabilities. Based on this, there is a need to develop a standard Assets and Liabilities register format.

2.4.4 Lack of standardized automated information systems

Assets and Liabilities management in the department and entities within the County Government remains largely manual. The maintenance of manual Assets and Liabilities records is laborious and time-consuming and could result in loss of Assets and Liabilities information. This among others makes audit of government Assets and Liabilities difficult and therefore affects financial management and reporting.

2.4.5 Limited Capacity and Skills in Asset and Liability Management

Capacity gaps exist in areas such as asset valuation and risk assessment. This affects the quality of records, reporting, and compliance with statutory requirements.

2.4.6 Absence of Asset Maintenance Plans and Preventive Maintenance Schedules

The County Government lacks a structured and documented maintenance framework for its assets, including buildings, plants and equipment. In the absence of preventive maintenance plans and scheduled inspections:

- a. Assets are predominantly managed on a reactive basis rather than through planned lifecycle management;
- b. Minor defects and wear and tear remain unattended, eventually escalating into major breakdowns.
- c. The useful life of assets is significantly shortened, resulting in premature obsolescence;
- d. Repair costs increase substantially, often exceeding replacement value; and
- e. Certain assets become non-functional or beyond economic repair, leading to service disruption and loss of public investment.

2.4.7 Lack of Insurance Cover for County Buildings and Other Insurable Assets

Most County Government buildings and other insurable assets are not adequately insured against risks. The absence of comprehensive insurance cover exposes the County to:

- a. Significant financial losses in the event of damage or destruction of assets;
- b. Unplanned expenditure to repair or replace damaged assets, thereby straining limited fiscal resources;
- c. Increased fiscal risk and contingent liabilities; and
- d. Disruption of essential public services due to prolonged asset downtime.

This gap reflects weak risk management practices and underscores the need for a structured insurance and risk mitigation framework within the County's Asset and Liability Management system.

2.4.8 Incomplete Asset Identification and Physical Verification

Asset identification and physical verification undertaken jointly by the Intergovernmental Relations Standing committee (IGRTC) and the County Government was not fully concluded. As a result:

- a. Some devolved assets were not comprehensively identified, validated, or documented;
- b. Discrepancies exist between physical assets on the ground and those captured in official asset registers;
- c. Assets that are lost, obsolete, transferred, or disposed of may continue to appear in records, while others in use may not be reflected; and
- d. The County remains exposed to asset ownership disputes, inaccurate financial reporting and adverse audit observations.

2.4.9 Lack of Valuation of County Assets

A significant number of County Government assets have not been assigned accurate and reliable monetary values. As a result:

- a. Asset registers do not accurately reflect the true economic value of County assets;
- b. Financial statements may be materially misstated;
- c. Depreciation, insurance and disposal decisions are not properly informed; and
- d. The County is constrained in making strategic decisions relating to assets.

CONCLUSION

The legal and regulatory framework governing Assets and Liabilities Management provides a comprehensive foundation for prudent stewardship of public resources within the County Government. The Constitution of Kenya, 2010, together with the national and county legislations, subsidiary regulations and applicable accounting standards, establishes clear obligations relating to ownership, acquisition, utilization, maintenance, disposal and reporting of public assets and liabilities.

However, despite the existence of this extensive framework, gaps in coordination, documentation, systems and implementation have constrained its effective operationalization at the county level. These challenges underscore the need for a coherent and integrated policy framework to harmonize legal requirements, strengthen institutional arrangements, mitigate fiscal and legal risks and enhance accountability.

This Assets and Liabilities Management Policy is therefore anchored in and informed by the existing legal and regulatory framework and seeks to provide clear guidance, standardized processes and coordinated mechanisms to ensure that all County assets and liabilities are managed prudently, transparently and in a manner that promotes sustainability, value for money and effective service delivery.

3 CHAPTER THREE

INSTITUTIONAL FRAMEWORK

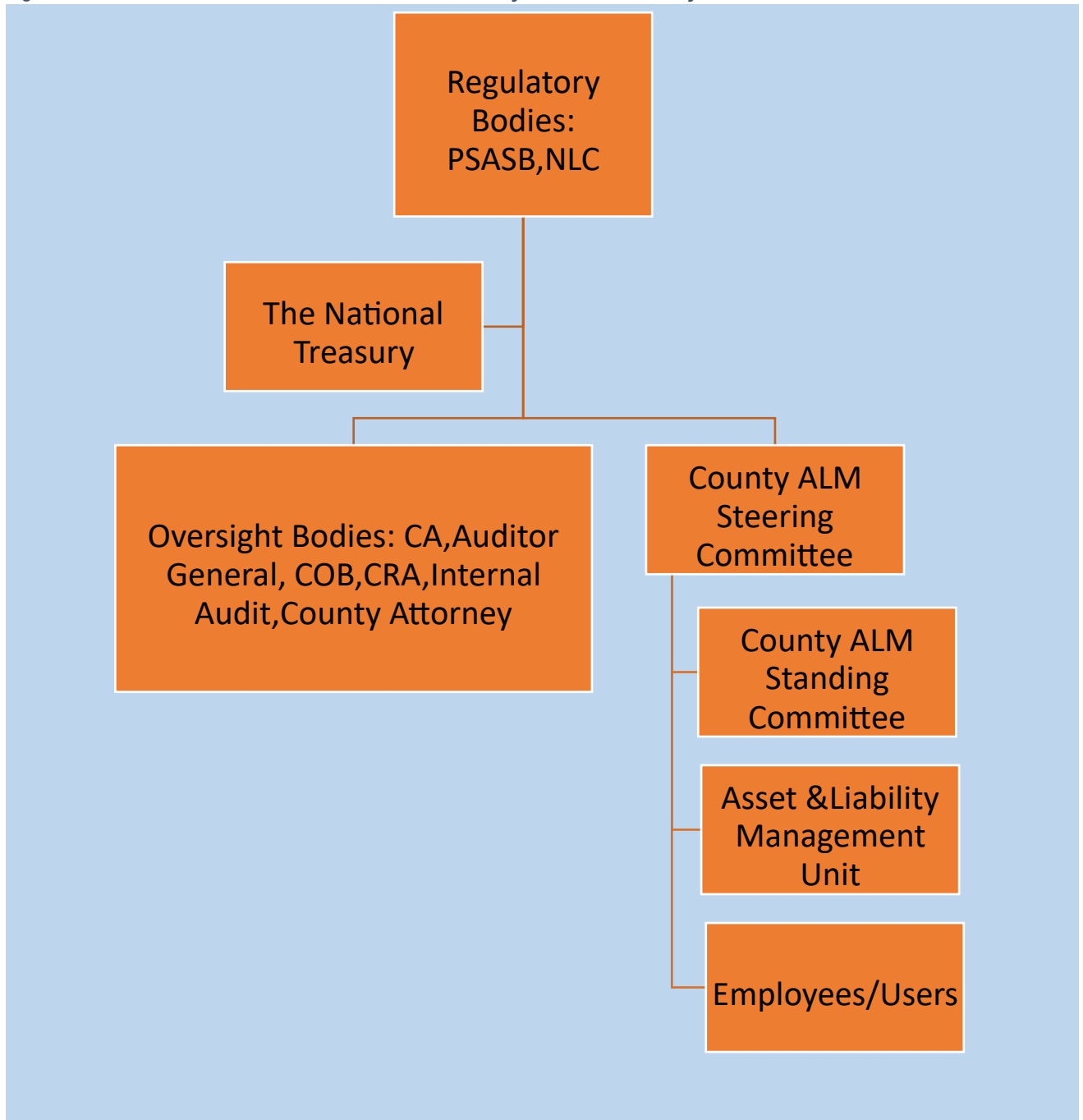
3.1 Introduction

This section outlines the institutions that will have roles in Assets and Liabilities management under this ALM Policy and Procedures Manual.

3.2 Asset & Liability Management Institutional Framework

To achieve the aims, objectives, and strategies outlined in this Policy and Procedures manual, the County Government of Nyeri has put in place an appropriate institutional framework through the establishment and continuous strengthening of institutions dealing with aspects of planning, acquisition, administration, reporting, and oversight in respect to Assets and Liabilities Management which shall be coordinated with clear roles as specified in this Policy and Procedures Manual by institutions divided into three groups comprising of actors, regulatory and oversight bodies as in *figure 1 below*.

Figure 1: Institutional Framework for ALM in the County Government of Nyeri



Regulatory Bodies

Entity	Responsibilities
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Public Sector Accounting Standards Board of Kenya	<ul style="list-style-type: none"> a. Guide Public Sector Entities on the application of accounting and reporting standards in the country; and b. Prescribe formats for financial statements by all state organs and Public Entities.
Public Procurement Regulatory Authority	<ul style="list-style-type: none"> a. Prepare, issue, and publicize standard public procurement and asset disposal documents and formats to be used by Public Entities and other stakeholders; b. Research on the public procurement and asset disposal system and any developments arising from the same; and c. Advise the Cabinet Secretary, National Treasury, and Planning on the setting of standards including international public procurement and asset disposal standards.
National Land Commission	<ul style="list-style-type: none"> a. Manage public land on behalf of the National and the County Government; b. Assess tax on land and premiums on immovable property in any area designated by law. c. Provide a linkage between the County Government and other institutions dealing with land and other land-related resources. d. On behalf of, and with the consent of the National and County Government, alienate public land. e. Develop and maintain an effective land information management system at the National and County level.

ACTORS

Entity	Responsibility
The National Treasury	<ul style="list-style-type: none"> a. Shall manage the asset's strategic component by providing strategic policy direction and guidelines on the management of high-level portfolio Assets and Liabilities and management of strategic and highvalue assets.

	<ul style="list-style-type: none"> b. Support optimal utilization of assets through the development of an optimal assets utilization framework to guide Public Sector entities; c. Monitoring, evaluating, and reviewing optimal use and performance of Assets and Liabilities in the Public Sector, generating reports and giving recommendations to accounting officers; d. Monitoring the implementation of a risk management framework for Assets and Liabilities; e. Consolidation and maintaining an updated inventory of government Assets and Liabilities; f. Providing support to counties on good practice of Assets and Liabilities management; g. Facilitate continuous capacity building and training of Public Entities accounting officers on the requirements of this policy; h. Continuous improvement and alignment of Assets and Liabilities policies and guidelines; and i. Prepare an annual report on Assets and Liabilities for submission to Parliament.
<p>The County Treasury</p>	<ul style="list-style-type: none"> a. Maintain an accurate and up-to-date register of the county government of Nyeri assets. b. Ensure proper valuation of county assets in accordance with the Government Asset Valuation Policy Framework for the Public Sector. c. Ensure county assets are efficiently utilized for public service delivery. d. Establish mechanisms to protect county assets from loss, misuse, or mismanagement. e. Oversee the procurement and acquisition of assets in compliance with public finance and procurement laws. f. Ensure proper procedures are followed in asset disposal to maximize value and prevent corruption. g. Prepare and submit periodic reports on county assets to the relevant authorities, including the County Assembly and Auditor General.

	<ul style="list-style-type: none"> h. Ensure asset-related financial statements comply with the PFM Act and other legal requirements.
	<ul style="list-style-type: none"> i. Ensure asset acquisition, maintenance, and replacement costs are incorporated in county budget planning. j. Assess the financial implications of acquiring new assets and maintaining existing ones. k. Develop policies to manage risks related to county assets. l. Ensure county assets comply with national laws and regulations, including environmental and safety standards.
County Executive Committee Member – Finance	<ul style="list-style-type: none"> a. Provide strategic leadership and interventions in Assets and Liabilities management processes; and b. Provide necessary approvals for proper, efficient, and effective Assets and Liability management.
Office of the County Attorney	<ul style="list-style-type: none"> a. Reviews contracts relating to the procurement and disposal of major assets and liabilities. b. Prepares vesting orders in the transfer of Assets and Liabilities from one Public Sector entity to another; and c. As the promoter of the rule of law and defender of the public interest and hence instrumental in resolving disputes relating to Assets and Liabilities by providing necessary interpretation.
Accounting Officers	<ul style="list-style-type: none"> a. Ensure all county assets (land, buildings, vehicles, equipment, etc.) are recorded in a fixed asset register. b. Keep records up to date with proper valuations. c. Ensure county assets are well-maintained and protected from loss, theft, misuse, or damage. d. Implement internal controls to prevent asset mismanagement. e. Ensure county assets are used for their intended public service purpose. f. Monitor asset utilization to enhance efficiency and avoid wastage.

	<ul style="list-style-type: none"> g. Oversee the acquisition of assets in line with procurement laws. h. Ensure disposal of obsolete or unserviceable assets follows legal and transparent procedures. i. Ensure proper valuation of assets in compliance with accounting standards.
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	<ul style="list-style-type: none"> j. Prepare and submit asset management reports to the County Treasury and Auditor-General. k. Ensure the county does not accumulate unsustainable debts. l. Manage short-term and long-term liabilities, ensuring timely payments. m. Ensure county budgets include provisions for debt servicing and other financial obligations. n. Ensure county borrowing aligns with legal limits set under the PFM Act and is approved by the County Assembly. o. Seek necessary approvals before entering into loan agreements. p. Identify financial risks associated with liabilities and take measures to mitigate them. q. Ensure liabilities do not expose the county to unnecessary financial risks. r. Ensure prompt payment of salaries, suppliers, and service providers. s. Avoid accumulation of payables that may affect service delivery. t. Prepare and submit liability reports, including debt management reports, to the County Treasury and oversight authorities. u. Ensure transparency in the management of county liabilities.
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County Asset and Liability Management Standing Committee	<ul style="list-style-type: none"> a. Ensure compliance with this ALM Policy and Procedures Manual developed by the County Treasury; b. Monitor and Evaluate Asset and Liability performance
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	<ul style="list-style-type: none"> c. Institutionalize a risk-based and life-cycle asset management approach; d. Ensure optimal asset levels of the entity as guided by County Treasury e. Ensure harmonized and accurate reporting on assets and liabilities f. Ensure a reliable information system on asset and liability performance g. Ensure that asset and liability audit queries are resolved effectively
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	<ul style="list-style-type: none"> h. Submit the Assets and Liabilities updated registers to the Accounting Officer for approval and subsequent forwarding to the County Treasury;
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Asset and Liability Management Unit	<ul style="list-style-type: none"> a. Prepare the County departments and its entities' annual asset and liability plan including repair and maintenance plan. b. Ensure compliance with this policy for assets and liability management; c. Assess and ensure optimal asset levels of the entity as guided by the County Treasury d. Institutionalize a risk-based and life-cycle asset management approach; e. Submit the Assets and Liabilities updated registers to the Accounting Officer for approval and subsequent forwarding to the County Treasury; f. Prepare the entity's annual asset and liability plan as well as repair and maintenance plan. g. Ensure proper replacement plan of fixed assets and maintenance of optimal stock levels. h. Ensure proper asset tagging system.
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	<ul style="list-style-type: none"> i. Advise the Standing Committee on matters related to optimal utilization of assets. j. Schedule and perform periodical physical asset identification, verification, inspection, and validation. k. Coordinate and advise on the disposal of surplus and obsolete assets. l. Coordinate the insurance of movable and immovable assets and revaluation of assets. m. Monitor, evaluate, and report the performance of Assets and Liabilities strategies to the accounting officer.
Employees/Users	<ul style="list-style-type: none"> a. Maintain Physical control of assets, safeguarding against loss, misappropriation, and/or unauthorized use

	<ul style="list-style-type: none"> b. Ensure proper handover of assets when required. c. Ensure compliance with Asset and Liability management policies, statutory requirements and ethical standards d. Responsible for exercising due care when using county assets and reporting any damage or loss immediately
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Oversight Bodies

Entity	Responsibility
County Assembly	<ul style="list-style-type: none"> a. Provision of oversight over the budgeting process and appropriate estimates of revenue and expenditure on Assets and Liabilities; and b. Examination of financial statements and other documents submitted to the National Assembly/County Assembly and making appropriate recommendations.
Office of the Auditor General	<ul style="list-style-type: none"> a. All reasonable precautions have been taken to safeguard the collection of revenue and the acquisition, receipt, issuance, and proper use of Assets and Liabilities; and

	<ul style="list-style-type: none"> b. Collection of revenue and acquisition, receipt, issuance, and proper use of Assets and Liabilities conforms to the authority.
Office of the Controller of Budget	<ul style="list-style-type: none"> a. Oversee implementation of the budgets of the National and County Governments by authorizing withdrawal from public funds; and b. Authorizing withdrawals of public funds by Public Sector Entities, where, such funds are used for the acquisition and maintenance of assets as well as payment of liabilities.
County Internal Audit Directorate	<ul style="list-style-type: none"> a. Assuring governance, internal controls, and risk management relating to Assets and Liabilities; and b. Verifying the existence of assets administered by the entity and ensuring that there are proper safeguards for their protection.
Asset & Liability Steering Committee	<ul style="list-style-type: none"> a. Monitor and evaluate asset and liability performance b. Assess and ensure optimal asset levels of the entity as guided c. Institutionalize a risk-based and life cycle asset management approach
	<ul style="list-style-type: none"> d. Submit the assets and liabilities, updated inventory and registers to the accounting officer

3.3 Conclusion

The success of the implementation of effective Assets and Liabilities management will depend on a commitment to change, an attitude of continuous improvement, and close cooperation between oversight institutions, as well as Assets and Liabilities Management structures within Public Sector entities.

4 CHAPTER FOUR

ASSET AND LIABILITY MANAGEMENT IMPLEMENTATION FRAMEWORK

4.1 Introduction

This section outlines the critical issues relating to Assets and Liabilities Management and establishes a policy framework for addressing them.

4.2 Asset and Liability Management Framework

Critical Issue

The County Government of Nyeri and its entities currently lack a unified, standardized framework for the comprehensive management of assets and liabilities.

Policy statement

- a) The County Government of Nyeri and its entities shall adopt an Assets and Liabilities Management framework that incorporates:
 - (i) Strategic Assets and Liabilities Management;
 - (ii) Life cycle approach to Assets and Liabilities Management and, (iii) Accounting and reporting of Assets and Liabilities.

- b) The National Treasury and the Nyeri County Treasury shall manage the asset's strategic component by providing strategic policy direction and guidelines, management of highlevel portfolio Assets and Liabilities and management of strategic and high-value assets by establishing an Assets and Liability management unit.

- c) The County Government of Nyeri and its entities shall adopt a lifecycle approach that covers planning, acquisition, operation, maintenance and disposal, establish systems for risk management of assets and ensure optimal utilization of assets.
- d) The County Government of Nyeri and its entities shall maintain updated inventories of Assets and Liabilities and proper books of accounts to facilitate the preparation of statements of Assets and Liabilities as part of financial statements.

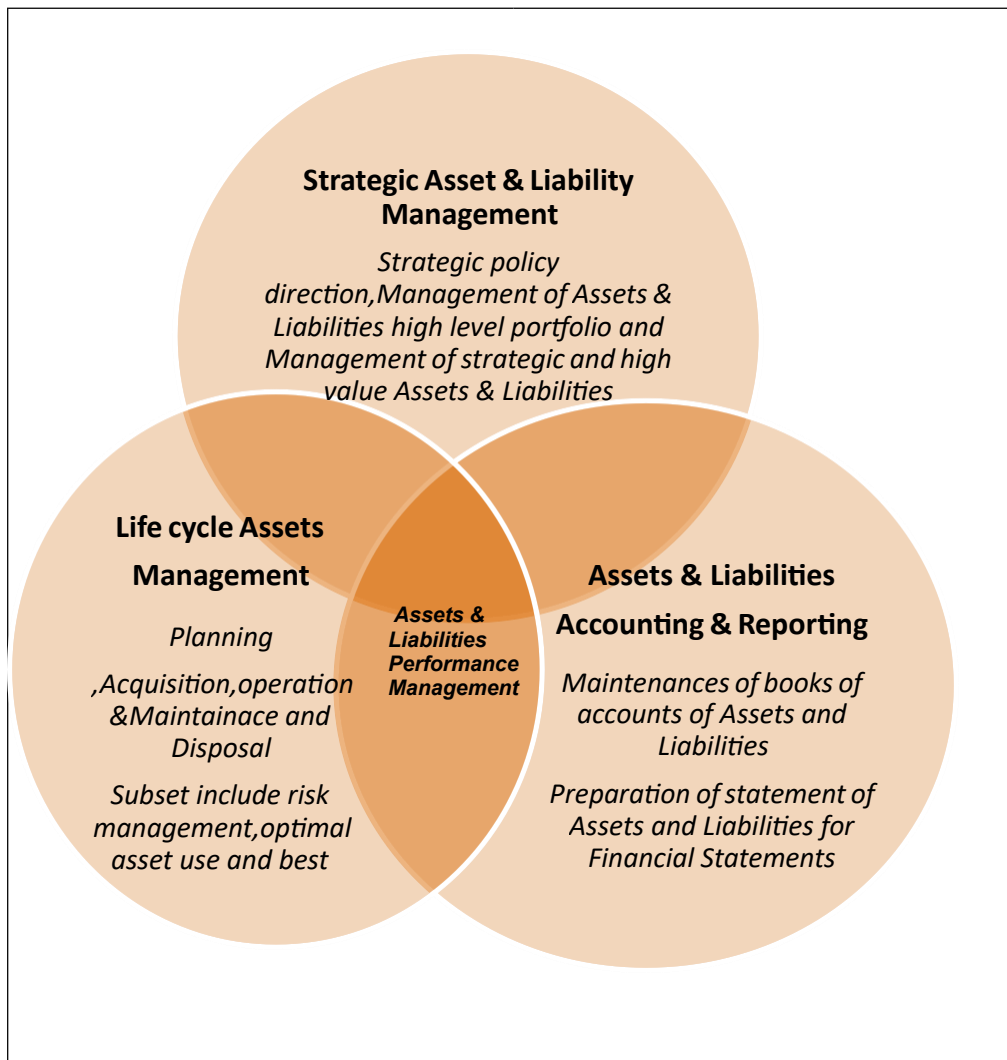


Figure 2: Assets and Liabilities Management Framework

4.3 Coordination of Asset and Liability Management Institutional Framework

Critical issue

The management of Assets and Liabilities has been fragmented. Some entities have developed policies relating to management of Assets and Liabilities, while others deal with specific categories of Assets and Liabilities hence the need for harmonization.

There are no clear roles of different County departments and entities in managing Assets and Liabilities. ***Policy statement***

- i. Asset and liability Management shall be coordinated with clear roles as specified in this policy by Institutions divided into three groups comprising of actors, regulatory and oversight bodies.
- ii. The management of assets and liabilities within the County Government of Nyeri is the responsibility of the Accounting Officers. The accounting officers shall assign officers and assets and liabilities management teams at appropriate levels as per the Asset and Liabilities management structures.
- iii. The County Treasury shall coordinate management of assets and liabilities within the County Government of Nyeri.
- iv. Assets Maintenance Plans shall be developed and maintenance schedules strictly followed to prevent service disruptions and save on long-term replacement costs.
- v. Assets shall be used strictly for official County business; personal use of county property is prohibited.

4.4 Asset and Liability Management Policies

Critical issue

Lack of Assets and Liabilities Management policy and procedure manual, and guidelines for the County Government of Nyeri.

Policy statements

- i. County Treasury shall issue Assets and Liabilities Management Policy and Procedure Manual for use by the County Government of Nyeri.
- ii. Entities of County Government of Nyeri shall align their policies to this policy and policy guidelines issued by the National Treasury

4.5 Asset and Liability Registers

Critical issue:

The County Government of Nyeri and its entities have not fully adopted the standard Assets and Liabilities registers. The classification of Assets and Liabilities into categories is not standardized which raises a challenge in generating consolidated Assets and Liabilities register.

Policy statements

- (i) The County Government of Nyeri and its entities shall adopt the standard asset and liability reporting templates issued by the PSASB in collaboration with The National Treasury.
- (ii) The County Treasury shall consolidate inventories of Assets and Liabilities based on registers received from the County departments/entities.

4.6 Asset and Liability Information Systems

Critical issue:

The County Government of Nyeri and its entities lacks an automated Asset Management Information System (AMIS) with the capacity for data integration and advanced analytics. This technological gap necessitates manual interventions, leading to significant operational inefficiencies and sub-optimal use of County resources/assets.

Policy statements

- i. The County Government of Nyeri and its Entities shall utilize an automated Asset Management Information System for the purposes of managing Assets and Liabilities in three components of strategic management, lifecycle, accounting and reporting.
- ii. The Asset Management Information System (AMIS) to be adopted shall have the capacity to integrate with other ICT systems including the Integrated Financial Management Information System (IFMIS) for ease of accounting and reporting on assets and liabilities.

4.7 Establishment of Asset and Liability Management Structures

Critical issue

While the County Government of Nyeri has established formal structures for Asset and Liability Management (ALM), they remain not fully operational thus fail to achieve the necessary oversight. Without a functional, coordinated framework, the County cannot ensure efficiency across the asset and liability lifecycles.

Policy statement

- i. The County Government of Nyeri and its entities shall establish, maintain and document adequate Asset management structures at three levels namely:
 - a) The Steering Committee on Asset and Liability Management;
 - b) The Standing Committee on Asset and Liability Management; and
 - c) The Asset and Liability Management Unit.
- ii. The Steering Committee shall comprise of:
 - a) The County Chief Executive Committee Members with the CECM Finance as the Chairperson;
 - b) The County Chief Officers/Accounting Officers; and
 - c) The Head of the Standing committee serving as the secretary to the Steering Committee.
- iii. The Standing Committee shall comprise of the Head of Accounting who shall be the Chairperson, Head of Administration, Head of Budgeting, Head of procurement, Head of ICT, Head of the Asset Management Unit who shall be the secretary to the Standing Committee and any other relevant technical officers.
- iv. The Asset and Liability management unit shall comprise of officers from relevant departmental units. The unit shall report to the Asset and Liabilities management Standing committee.

4.8 Documents of Ownership for Assets

Critical issue

The County Government of Nyeri and its entities does not have documents of ownership for all its assets. This has been highlighted in audit reports over the years, especially with respect to land, buildings, plant and machinery where entities do not have proof of ownership for their land and logbooks for transport assets.

Policy statement

- i. Accounting officers shall ensure that the County Government of Nyeri and its entities has documents of ownership for all its assets. The documents of ownership shall be in the name of the County Government of Nyeri and shall be under the custody of the County Treasury or otherwise stated by a legislative body or the constitution.

4.9 Risk Management Policy Framework

Critical issue

There is general lack of identification, documentation and allocation of risks associated with Assets and Liabilities. The County Government of Nyeri and its entities do not have documented management frameworks on risk identification, assessment and reporting to facilitate focus of resources on assets risk management. In the absence of documented guidelines and registers, mitigation measures have not been put in place. This could result in exposure to risks and ultimately heavy losses.

Policy statements

- i. The County Treasury shall implement the Institutional Risk Management Policy Framework with a dedicated focus on Assets and Liabilities.
- ii. Accounting officers shall identify, document and prepare risk registers as per the County Risk Management policy framework issued by the County Treasury, including adequate mitigation strategies to address the risks identified.
- iii. Accounting officers shall submit entity risk registers/reports to the County Treasury.
- iv. The Accounting officers shall regularly monitor and update risk assessments as circumstances change.

4.10 Administration And Management Of Assets

Critical issue

County departments and entities manage assets using different approaches to asset management. For harmony and standardization in management and accounting for assets, there is a need for departments to adopt a common approach.

Policy statement

- i. The County Government of Nyeri and its entities, shall adopt the life-cycle approach of Asset Management which will include; Planning, Acquisition, Operation, Maintenance and Disposal.

4.11 Administration and Management of Liabilities

Critical issues

County departments and entities manage liabilities using different approaches to liabilities management. For harmony and standardization in management and accounting for liabilities, there is a need for departments to adopt a common approach.

Policy statements

- i. The County Government of Nyeri shall create policies for managing debts including borrowing limits, repayment schedules and communication protocols with creditors.
- ii. Accounting Officers shall ensure that the expenditure is for authorized official purposes and the proper provision of goods and/or services by approved entity budgets, plans, goals, and objectives.
- iii. Expenditure relating to multi-period projects shall be factored in annual budgets.
- iv. Accounting Officers shall ensure that all contingent liabilities relating to the entity are identified, quantified and disclosed in the financial statements.
- v. Accounting Officers shall prepare realistic cash flow projections to ensure that expenditure is paid for as and when incurred.
- vi. Accounting Officers shall put in place proper transitional arrangements in instances of policy and legal shifts to ensure the incurrence of minimal liabilities.

vii. Accounting Officers shall ensure that the County Attorney and the County Treasury are involved in negotiations and drawing of financial contracts.

viii. Accounting officers shall ensure that proper records of all liabilities are kept.

4.12 Proper Accounting Records Not Maintained

Critical issues

Proper accounting records are not maintained for prudent management of Assets and Liabilities. The treatment of provisions, depreciation and accumulated reserves is not clear.

Policy statements

- i. The Accounting Officers shall ensure that proper accounting records are kept of all Assets and Liabilities held by the departments and entities, including unclaimed assets.
- ii. County departments and entities shall adopt ALM Policy and Procedure Manual to provide guidance on the treatment of provisions, depreciation, accumulated reserves and any other non-cash-backed balance sheet items.

4.13 Resource Requirements

Critical issue

County departments and Entities currently do not have designated staff dealing with Assets and Liabilities Management. In addition, entities may not have the necessary resources to manage Assets and Liabilities under their custody.

Policy statements

- i. County departments and entities shall leverage existing resources.
- ii. County departments and entities shall utilize the staff already available in the public service
- iii. The County Government shall establish an assets and liabilities management directorate with competent and dedicated staff to manage the assets and liabilities of the County.
- iv. Accounting officers shall ensure that all relevant staff are sensitized and trained on this policy. County Treasury shall organize regular training for staff involved in Assets and Liabilities Management.

5 CHAPTER FIVE

OPERATIONAL PROCEDURE FOR ASSET AND LIABILITY MANAGEMENT

5.1 Introduction

This chapter covers the procedures for the management of assets and liabilities in the County Government of Nyeri.

5.2 Objective of Assets Management

The objective of asset management is to safeguard assets by ensuring that:

- a) All assets are identified, claimed and registered in the name of the County Government of Nyeri, ensuring they are fully accounted for and utilized strictly for the intended purposes.
- b) The acquisition, receipt, issue or distribution and disposal of assets is properly approved, executed promptly and accurately recorded by authorized officers.
- c) Proper application of statutory and administrative requirements and policies determined by County Treasury or other responsible authority, takes place with regard to planning, acquisition, operation, maintenance and disposal of assets.
- d) All donated assets (in and out) are identified and recorded appropriately.
- e) The existence of the assets is verified periodically on need basis and a reconciliation of the physical assets and the asset register.
- f) Relevant and reliable information is obtained to enable all internal and external reporting and accountability requirements are met.
- g) Value for money (economy, efficiency, equity, environmental, effectiveness and timeliness) is achieved in each stage of the asset life cycle.
- h) All losses or damages are detected and recorded promptly, accurately and with appropriate action taken in response.
- i) Adequate separation of roles exists in the life cycle of assets among various actors.
- j) Adequate guidelines on risk management with respect to assets management are provided.
- k) The County Government of Nyeri and its entities maintains a comprehensive and up-to-date register of assets and liabilities.
- l) The County Government of Nyeri and its entities ensures optimal utilization of its assets

5.3 Non-Financial Asset Management

A non - financial asset refers to an item that has its value determined by physical and non physical characteristic. Non-financial assets include:

- a) Tangible/ fixed assets such as land, buildings, infrastructure, plant and equipment, transport assets, biological assets and heritage and cultural assets;
- b) Intangible assets including IT software systems and intellectual property.

5.3.1 Principles of Non-Financial Asset Management

- (a) Asset planning decisions across the asset's lifecycle are based on an evaluation of alternatives, which assesses risks and benefits, and applies the Government's core principle of value for money.
- (b) Asset acquisition, operation, maintenance and disposal decisions shall be integrated into the County Government's overall strategic and operational planning.
- (c) An efficient and effective control system shall be established for asset management.
- (d) Accountability for assets shall be established across the assets' life cycle.

5.3.2 Objectives of Non- Financial Asset Management

The objective is to achieve the required level of service in the most cost-effective manner, through management of the asset's life cycle. This shall be achieved through the following:

- (a) Needs assessment in the planning process to drive asset management practices and decision-making.
- (b) Asset management plans that are an integral part of the County Government's planning process.
- (c) Asset acquisition decisions that are based upon the evaluation of alternatives, including demand management and non-purchase solutions(eg leasing).
- (d) Asset acquisition proposals that include a full business case, including costs, benefits and risks across each phase of an asset's life cycle.
- (e) Defined responsibility and accountability for performance, safe custody and use.
- (f) Disposal decisions based upon an analysis of disposal options, designed to achieve the best possible return for the County Government and made in accordance with the relevant legal provisions.

5.4 Life Cycle Approach to Non-Financial Asset Management

For the purpose of efficient asset management, the County Government's asset life-cycle shall include Planning, Acquisition, Operation and Maintenance and Disposal.

5.4.1 Planning

5.4.1.1 Introduction

Planning is the first stage of the asset life cycle, which establishes and verifies asset requirements. Sections 35 and 126 of the PFM Act, 2012 require public sector entities to prepare development plans. The plans are to include significant capital developments for an entity for each financial year.

Establishment of asset requirements is based on evaluation of the existing assets and their potential to meet service delivery needs. Identification of management strategies is required in order to include and analyze the need for an asset. Throughout all stages of planning, the Accounting Officers shall make sure that the ongoing development adds value to the County Government.

The County Government shall effectively use planning in all asset management cycle phases, This will help in:

- (a) Assessing the practical sufficiency of existing assets.
- (b) Ensuring resources are available when necessary.
- (c) Recognizing excess or under-performing assets.
- (d) Estimating options for asset provision and funding asset acquisition; and (e) Ensuring assets are maintained and can be adequately accounted for.

The objectives of asset planning are to:

- (a) Ensure that asset investment/procurement decisions occur only to support service delivery plans, objectives and programs.
- (b) Ensure that assets are managed efficiently, effectively and sustainably.
- (c) Ensure that retirement of assets achieve the best return.

5.4.1.2 Integrated Planning

Article 196 (1) of the Constitution of Kenya and Section 117 of the PFM Act, 2012, requires the County Government to prepare a County Fiscal Strategy Paper (CFSP), and Medium Term Debt Management Strategy Paper. Planning for assets shall therefore be linked to the broader strategic planning, capital budgets, operating budgets and asset management plans of the County Government.

The County Government shall adopt an integrated team approach that includes appropriate representation from all relevant departments in the planning process. Sound planning ensures that the contracting process is conducted in a timely manner, in accordance with the relevant laws and regulations and reflects the objectives of the County Government.

The County Government shall hold only those assets that are necessary for the efficient, effective and economical delivery of their objectives. The Accounting officers shall therefore properly plan for the acquisition of assets, and consider alternatives, which may include:

- (a) Leasing the asset, by assessing relative costs and benefits;
- (b) Public-Private Partnerships
- (c) Outsourcing the delivery of specific objectives that require assets.

5.4.1.3 Budget Planning for Non- Financial Assets

According to Section 107 (2)(b) of the PFM Act, 2012, over the medium term, a minimum of thirty percent of the County Governments budgets shall be allocated to development expenditure. The Accounting Officers shall allocate a budget that covers not only the acquisition costs but also ongoing operational and maintenance expenses over the assets' life cycle.

Before an asset is included in the budget for approval, the Accounting Officers shall consider and document the following:

- (a) The preliminary or conceptual design and specification of the asset.
- (b) The projected cost over all the financial years until the asset is operational, and the inclusion of the asset in the development plan and future budgets.
- (c) The future operational costs and revenue on the asset, including maintenance and taxes.
- (d) The financial sustainability of the asset over its life including revenue generation and subsidization requirements.

- (e) The physical and financial stewardship of that asset through all stages in its life including acquisition, installation, maintenance, operations, disposal and rehabilitation. This should also include all preliminary costing-projected time-frames, cash flows and other requirements, as well as alternatives to the asset purchase in question.

5.5 Acquisition

5.5.1.1 Introduction

This is the second phase in an asset life cycle, where the County Government of Nyeri and its entities acquires the assets it needs to fulfil a specific objective.

Procurement of goods, works and services shall be guided by the PPAD Act, 2015, applicable regulations as well as other legislations.

5.5.1.2 Considerations Prior to Acquisition

The County Government of Nyeri and its entities shall consider the following fundamental principles before acquisition of a non-financial asset:

- a) The purpose for which the asset is required, considering the objectives of the County Government and its entities and shall provide significant, direct and tangible benefit to it.
- b) That the asset has been budgeted for.
- c) The future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget.
- d) That the purchase is absolutely necessary as there is no alternative asset that could be economically upgraded or adapted.
- e) That the asset is appropriate to the task or requirement and is cost-effective over the life of the asset.
- f) That the asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources.
- g) Space and other necessary facilities to accommodate the asset are in place; and
- h) That the most suitable and appropriate type, brand, and model has been selected.

5.5.1.3 Acquisition Planning

An asset acquisition plan is a strategic approach which the County Government of Nyeri and its entities shall follow to acquire specific asset from another entity to achieve its business objectives. Acquisition planning shall be in accordance with Section 53 of the PPAD Act, 2015 and PPAD regulations 2020.

The County Government and its entities shall apply the following guidelines:

- (1) Develop an Asset Acquisition Plan. This plan shall link service delivery requirements to assets required. The plan shall feed directly into the Procurement Plans developed by the County Government and its entities as well as budgets.
- (2) Develop a Capital Acquisition Plan to facilitate acquisition, development and enhancement of non-current assets over their estimated useful life. The plan shall include:
 - a) A statement of need and acquisition rationale.
 - b) Roles and responsibilities of personnel required to manage the acquisition.
 - c) Activities required in the acquisition such as contract management, technical, legislative and management considerations.
 - d) Acquisition time-frames and key decision points.
 - e) Timing and amounts of capital outflows.
 - f) Indicative life-cycle costs; and
 - g) Monitoring and other control processes to ensure that acquisition occurs as intended.
- (3) Determine the asset performance indicators and the required maintenance levels.
This information shall be contained in the Operations and Maintenance Plan.

5.5.1.4 Ways of Acquiring Non- Financial Assets

Acquisition of non financial assets shall be as per the PPAD Act, 2015 and PPAD Regulations 2020.

5.5.1.5 Donated Non - Financial Assets

- (1) A donated asset is a gift or contribution that has been granted to the County Government by a third party without consideration.
- (2) Donated assets shall be valued at fair value, reflected in the asset register, and depreciated as other assets. The fair value of the asset becomes the cost of the asset at that date.
- (3) The Accounting Officers shall approve all donated assets prior to acceptance.

- (4) The Accounting Officers shall evaluate and document the future operational costs of a donated asset and the effect it might have on future tariffs and taxes, before the County Government accepts the donated asset.
- (5) The conditions associated with a donated asset must be agreed upon and signed by the Accounting Officer.
- (6) No development or improvements can be made on gifted assets before formal transfer of ownership to the County Government or its entities is completed.
- (7) The accounting officer shall ensure that they obtain necessary documents of ownership for all donated assets.
- (8) The conditions and guidelines for receiving grants and donations by the County Government shall be as per the PFM Act 2012 Section 138.
- (9) All donated assets to the County Government and its entities shall be the property of the County Government and the Accounting officers shall ensure optimal utilization of such assets.

5.5.1.6 Acquisition through lease

- (1) The decision to lease assets in the County Government and its entities shall be guided by the Leasing policy developed by the National Treasury.
- (2) Prior to any decision being made, the Accounting Officer shall develop a business case. The business case shall consider the following:
 - a) Where the lease is for the whole of the useful life of the asset, an assessment should be made based on a comparison of the Net Present Value (NPV) of lease payments with the acquisition cost of the asset.
 - b) Where the lease is for asset plus maintenance/consumables, the value of additional items must be separately identified by the supplier in tenders; the assessment is then to be based on the NPV of the lease payments, including additional items, compared with the NPV of the acquisition cost of the asset including estimated maintenance costs; and
 - c) Where the lease is for a period of less than the whole of the useful life of the asset, an assessment is to be made based on a comparison of the NPV of lease payments plus residual value, with the cash cost of the asset.
- (3) Where an asset is leased, the details thereof shall be recorded in the lease register including:

- a) Lease start and completion dates;
 - b) First-instalment date;
 - c) Asset-fair value;
 - d) Implicit interest rate; and
 - e) Lease payments.
- (4) Leases shall be reviewed annually or as otherwise agreed in the lease agreement, to confirm that the decision to lease remains the most economical one.
- (5) The reporting format for purposes of reporting leases to the National Treasury is included as appendix 6(ae).
- (6) The Accounting Officer shall not enter into finance leases without the approval of the County Treasury.

5.5.1.7 Consideration to enter into a Public Private Partnership (PPP)

- (1) Asset acquisition decisions at the County Government and its entities shall be guided by the PPP Act No 15 of 2013 and any guidelines issued by the PPP Committee and Unit.
- (2) Before a decision is made to enter into a PPP agreement, the County Government and its entities shall ensure that all regulatory requirements under the PPP Act 2013 have been met and satisfied and further ensure that the proposed transaction has been shown to:
- a) Provide value for money;
 - b) Be affordable and financially sustainable to the County Government and its entities
 - c) Transfer appropriate risk to the private party; and
 - d) Guarantee efficient and reliable performance of public service.

Additionally, where assets are acquired through placement at the county government level, the Accounting Officers shall ensure such decisions comply with the relevant procurement laws and regulations.

5.5.1.8 Outsourcing Arrangements

In deciding whether to outsource a service delivery, the County Government shall consider the following:

- a) The ongoing viability of the outsourced service provider.
- b) The costs and benefits of outsourcing.
- c) Existing in-house skills, resources and expertise and whether the outsource service provider can replicate these.

- d) The risks associated with outsourcing, including the loss of corporate knowledge and the impact on business continuity.
- e) The extent to which highly sensitive and protected information may need to be divulged to the outsourced service provider.

5.5.1.9 Acquisition of Immovable Property

- (1) Acquisition of immovable property(land and buildings) shall be in accordance with Section 136(4&5) of PFM (County governments) Regulations, 2015:
- (2) Land and buildings shall only be acquired after approval by the County Treasury, in consultation with the National Land Commission and or the Ministry responsible for Housing, as applicable.

5.5.1.10 Handover of Project Assets

Regulation 74(6) of the PFM (County Governments), 2015 stipulate that an Accounting Officer shall:

- a) Maintain proper books of accounts and records in respect of all projects and donations.
- b) Ensure quarterly reporting to the CECM Finance on the status of the project assets
- c) Ensure that whenever projects are completed, the project assets including buildings, plant, vehicles, furniture, fittings and equipment are properly recorded and handed over to the Accounting Officer in accordance with the financing agreement.
- d) In the absence of any instructions to the contrary, any unexpended balance standing in the credit of the project account shall be paid into the County Revenue Fund.
- e) The project asset ownership documents shall be legally transferred and registered in the name of the County Government of Nyeri.
- f) For immovable assets, the ownership documents shall be legally transferred and registered in the name of the office of the CECM Finance as trustee for the county government entity.

For county project assets, no development or improvement can be made on gifted assets such as land before formal transfer of ownership to the county government or its entities has been completed.

5.5.1.11 Work-in-Progress

The following guidelines shall be considered:

- (1) Work in progress related to construction of an asset includes all costs incurred for the construction of assets not yet placed in service. When the County Government constructs a depreciable asset for its own use, all direct costs shall be included in the total cost of the asset. Fixed overhead costs shall not, however be included unless they are increased by the construction of the asset; and
- (2) Where a project uses a phased-in approach, it has distinct, multiple, completely self-contained phases that will be brought into production or use at different points of time. When determining the allocation of project costs in a phased-in project (e.g., customized software), the following shall be considered:
 - a) Project costs transferred to a related asset when it is ready for use. These would be initial costs that must be incurred in the initial phase before any other phase can be completed.
 - b) Project costs transferred to a related asset when it is brought into use. These would be costs incurred in each phase that has been completed but do not include initial costs associated with the initial phase.
- (3) Once an asset is ready for its intended use, it shall be transferred to the corresponding non-financial asset account and depreciated over its estimated useful life.
- (4) Project costs that are incurred subsequent to the transfer from Work-In-Progress to Asset shall be added to the acquisition cost of the asset, if they enhance the useful life of the asset.
- (5) If an incomplete project is terminated or put on hold indefinitely, any costs currently recorded as Work-In-Progress shall be written off.
- (6) The Accounting Officer shall assess the assets held in the Work-In-Progress register for impairment on annual basis to ensure the authenticity of values disclosed.
- (7) Each Accounting Officer shall maintain a work-in-progress register for each category of assets which shall be submitted to the County Treasury quarterly.

5.5.1.12 Date of Acquisition

The date of acquisition of non-financial assets is deemed to be the time when legal title and control passes to the County Government. For assets that are acquired over time, the date of acquisition shall be the date when the asset becomes operational.

5.5.2 Custody and Ownership Documents of Non- Financial Assets

The following provisions shall apply regarding custody and ownership documents of nonfinancial assets of the County Government:

- (a) The CECM Finance shall ensure that the County Government has documents of ownership for all its assets.
- (b) The documents of ownership shall be in the name of the office of the CECM Finance as trustee of the entity and shall be under the custody of the County Treasury or otherwise stated by a legislative body or the Constitution.

5.5.3 Operation and Maintenance

5.5.3.1 Introduction

Operation and maintenance stage is the heart of the asset life cycle where the asset is put to work and cared for to ensure it delivers its intended function.

The following are key concerns regarding operations and maintenance:

- (1) The Accounting officers shall be responsible for ensuring that entity-specific operation and maintenance plans are prepared and enforced.
- (2) Maintenance is a critical activity in the life cycle of an asset. Poor maintenance often leads to a shorter useful life than that envisaged from design specifications and may lead to loss of functionality, a decrease in utilization, pose a threat to human safety or result in a legislative breach.
- (3) Throughout the time of the asset, the Accounting Officer shall focus on appropriate maintenance as well as monitoring of asset performance to meet the asset operational requirements.

5.5.3.2 Monitoring of Non- Financial Asset Performance The

following considerations shall be taken into account:

- (1) Asset performance monitoring shall take a multi-dimensional view of the asset's contribution to meeting service delivery requirements taking into account the performance indicators of functionality, operational importance and usage of the asset.
- (2) There shall be tracking of the use of assets to ensure that they meet the intended service delivery objectives.
- (3) The asset portfolio of the County Government shall be reviewed in light of service delivery requirements with a view to achieve optimal utilization of assets.

5.5.3.3 Operation Plan

The following considerations shall be taken into account:

- (1) The accounting officers is responsible for ensuring that entity specific operation plans are prepared and enforced.
- (2) The Operations Plan shall set out roles and responsibilities for the Accounting Officers and assign responsibility for asset performance and accounting for lifecycle costs including:
 - a) Asset performance measures.
 - b) Asset condition.
 - c) Physical security and safeguarding.
 - d) Depreciation.
 - e) Finance costs.
 - f) Operating costs such as running and cleaning costs.
 - g) Employee costs where specialist staff are required to operate an asset.
 - h) Maintenance costs.
 - i) Significant disposal costs such as make-good, demolition or restoration.

5.5.3.4 Maintenance Plans for Non-Financial Asset

- (1) The Accounting Officers shall ensure that a maintenance plan in respect of every non-financial asset is promptly prepared, enforced and included in the annual budgets of the County Government for approval.
- (2) The Accounting Officers shall undertake long term planning for major maintenance activities to allow critical assets to be taken off-line for extended periods of time.

- (3) For some specialized assets the manufacturer provides the technical requirements for scheduled maintenance. These schedules shall be taken into account when planning for the long and medium term and, appropriate budget provisions made to ensure adherence to schedules.
- (4) The Accounting Officers shall ensure that maintenance plans make provision for the additional maintenance burden of future assets to be acquired.
- (5) The Accounting Officers shall prepare annual reports on the extent to which the approved maintenance plan has been complied with and the extent of deferred maintenance.

5.5.3.5 General Maintenance of Non-Financial Asset The

following provisions shall be considered:

- (1) The Accounting Officers shall ensure that assets received into the stores are appropriately recorded in the stores records maintained by the County Government.
- (2) The Accounting Officers shall be directly responsible for ensuring that all assets under their responsibility are properly maintained and, in a manner that will ensure that such assets attain their useful lives.
- (3) The Accounting Officers shall take responsibility for the control and utilization of assets, monitor maintenance actions and budget for the operation and maintenance needs of each asset or class of assets under their control.
- (4) The Accounting Officers shall prepare annual reports on the likely effect that maintenance budgetary constraints may have on the useful operating life of assets or asset classes.

5.5.3.6 Deferred Maintenance of Non-Financial Asset

Deferred maintenance refers to system upgrades, or repairs that are postponed to a future budget cycle or until funding becomes available. The following guidelines shall be observed:

- (1) If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any capital asset, the Accounting Officers shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements.

- (2) If no such plans have been formulated, the Accounting Officers shall re-determine the useful operating life of the asset in question and, shall recalculate the annual depreciation expenses accordingly.

5.5.3.7 Management of Portable and Attractive Items

Portable and attractive items are non-consumable items that have values below the asset recognition threshold and are by their nature, susceptible to theft or loss due to their portable nature and attractiveness for personal use or resale.

- (1) The Accounting Officer shall set different thresholds for different categories of items depending on the risk associated with each category and the County Government's operating environment. Such items must be registered for physical control purposes.
- (2) The Accounting Officer shall be responsible for ensuring that portable and attractive items are physically controlled, accounted for and managed appropriately.
- (3) The Accounting Officer shall actively monitor all instances where portable and attractive items leave the control of the County Government by way of an asset signout register.
- (4) The requirements to manage attractive items include:
 - a) Receipting these items through specified control points.
 - b) Maintaining and updating Portable and Attractive Items Register for these receipts.
 - c) Delivery and assignment of an attractive item to a specified position.
 - d) Regular stock takes by the assigned person to ensure these attractive items are being appropriately safeguarded.
 - e) Regular audits to ensure attractive items are being appropriately managed by the assigned persons.
 - f) Recording and reporting of any disposal or loss of these attractive items to the Accounting Officer and adjustment of the attractive items register.
 - g) Attractive items will not be:
 - i) Capitalized as an asset.
 - ii) Depreciated.
 - iii) Revalued or tested for impairment, or
 - iv) Otherwise treated as a long-term asset.

- (5) Portable and attractive items shall be tagged for identification purposes and recorded at cost in the Portable and attractive items register.
- (6) An officer shall hand over all portable assets under their care to the Accounting Officers on leaving the County Government or its entities.
- (7) On disposal, the Accounting Officers in liaison with the disposal committee for the specific class of assets, shall determine the reserve value for sale to interested parties.
- (8) Highly personalized items may be disposed of by transfer to the employee to whom they were issued through the recommendation of the asset disposal committee and approval by the CECM Finance, provided the items have negligible residual value to the organization. The transfer to the employee should be reported to PPRAs within 14 days.
- (9) Where items retain some residual value, a nominal charge may be applied, or the transfer may be treated as a non cash benefit in line with applicable tax regulations.

5.5.3.8 Insurance of Non-Financial Assets

Insurance provides selected coverage for the accidental loss of the asset value. Assets shall be insured in accordance with guidelines issued by the County Treasury. The guidelines would be as follows:

- (1) The AMU shall coordinate insurance of immovable & movable assets
- (2) Insurance cover for the County Government assets shall be guided by risk exposure and cost-benefit criteria.
- (3) The Accounting Officer shall facilitate timely acquisition of insurance cover and renewal of all insurance policies to ensure that they are budgeted for and that the assets are adequately protected.

5.5.3.9 Asset Identification/ Tagging

Asset identification and tagging involves the allocation of unique references/ identifiers to specific assets so as to facilitate their identification, accountability and monitoring. Tagging of assets at the county government and its entities shall be guided by the tagging framework developed by the National Treasury. In place of the tagging framework, the county government shall adhere to the following guidelines;

1. The CECM Finance shall develop and implement an asset identification system
2. Immovable assets shall be identified by means of an accurate description of their physical location (including Global Positioning System (GPS) readings) and attributes such as acreage, user and registration number.
3. Intangible assets shall be issued with a unique identification reference and the same included in the asset register.

4. To facilitate identification of the assets, each asset shall be clearly and uniquely identified with un-erasable identification.
5. All assets purchased shall be identified/ tagged upon receipt from suppliers and, before they are issued out to user departments. The tag number of each asset shall be included in the asset register.
6. The tag shall be consistently placed and accessible. The tag should be placed in an area where the number can be easily seen and identified without disturbing the operation of the item.
7. In cases where tags fall off or are otherwise separated from the asset, the tags shall be replaced immediately. The replacement tag shall have the same number as the original tag.

5.5.3.10 Physical Security of Tangible Assets

The Accounting officer is responsible for ensuring that adequate arrangements are developed, implemented and maintained for the security and control of all non- financial assets within the County Government, both during and outside normal working hours. They should ensure that:

- a) Reasonable security is provided to restrict the access of unauthorized persons to those assets to prevent abuse, damage, and theft.
- b) Tagging shall be used to clearly identify the assets of the County Government.
- c) The public property under the control of the County Government shall not be used for private purposes.
- d) Officers and employees shall return all the County Government assets in their possession as part of their clearance on transfer, retirement, dismissal or resignation.
- e) Standard operating procedures shall be developed with respect to security arrangements.
- f) There shall be adequate security awareness and training among county employees.

5.5.3.11 Protecting and Securing Intangible Assets

The Accounting Officer shall protect and secure intangible assets through:

- a) Identification of existing intangible assets.
- b) Registration of the intangible assets, as applicable.
- c) Use of access controls to technology-based intangible assets including passwords and user right allocations.

- d) Monitoring of trends in technology and ensure relevant updates.
- e) Proper filing of documents relating to intangible assets for verification purposes.

5.5.3.12 Hire of Non-Financial Government Assets

The hire of all County Government assets for use by private individuals shall be as per the Finance Act and any other Laws and Regulations.

5.5.3.13 Internal Movement of Assets

- (1) Location of moveable assets shall not be changed unless with the written approval of the CECM Finance.
- (2) The movement of assets within the entity shall be promptly updated in the fixed assets register, with respect to the location and officer responsible.

5.5.3.14 Asset Recording – Fixed Assets Register

- (1) In the establishment and management of the asset register:
 - (a) The Accounting Officers shall ensure that the asset register contains key historical and financial data on each item of asset that satisfies the criterion for recognition including the responsible officer, is established and maintained.
 - (b) The Accounting Officers are responsible for establishing and maintaining an asset register or database to demonstrate the physical management of the assets.
 - (c) The Accounting Officers shall be responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition of all assets in their registers.
- (2) The Accounting Officers shall take into account the following important aspects of internal controls over the asset register:
 - (a) Controls around the asset register shall be sufficient to provide an accurate, reliable and up to date account of assets under their control to the standards specified by the National Treasury and required by the auditor general.
 - (b) These controls will include physical management and recording of all acquisitions, assignments, transfers, losses and disposals of assets as well as regular stock-takes and systems audits to confirm the adequacy of their controls.

- (3) The Accounting Officer shall maintain separate asset registers for all different categories of assets, such as land, buildings, investment property, leased and intangible assets.
- (4) The asset registers shall be continuously updated and, asset accounting records shall be reconciled to the general ledger on a monthly basis.
- (5) Third party assets under the custody of the County Government shall not be regarded as forming part of the assets of the County Government and shall be kept in a separate asset register labeled 'Third party assets.'

5.5.3.15 Recording – Format of Asset Register

The format of the asset register shall include the data needed to comply with the applicable accounting standards and data needed for the technical management of the assets. The guidelines are as follows:

- (1) The non-financial assets register shall be maintained in the format determined by the PSASB, which shall comply with accounting and legislative requirements prescribed.
- (2) The fixed asset register shall at least reflect the following general and accounting information:
 - (a) A brief but meaningful description of each asset.
 - (b) The date on which the asset was acquired or brought into use.
 - (c) The purchase/ original cost, the revalued amount and/or the fair value if no costs are available.
 - (d) Supplier details.
 - (e) Payment Voucher number.
 - (f) Make or model of asset.
 - (g) Serial Number, where applicable – (For motor vehicles this should be the Engine and Chassis numbers).
 - (h) The location of the asset.
 - (i) Officer responsible.
 - (j) The tag number.
 - (k) The title deed number, in the case of fixed property.
 - (l) The stand/portion number, in the case of fixed property.
 - (m) The source of financing.

- (n) Whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements.
 - (o) Status/condition of the asset.
 - (p) The date on which the asset is disposed of.
 - (q) The date on which the asset is retired from use, if not disposed of.
 - (r) Accumulated depreciation.
 - (s) The depreciation charge for the current financial year.
 - (t) The carrying value of the asset.
 - (u) The method and rate of depreciation as prescribed by these guidelines.
 - (v) The (last) revaluation date of the fixed assets subject to revaluation.
 - (w) The revalued value of such fixed assets.
 - (x) Impairment losses incurred during the financial year (and the reversal of such losses, where applicable).
 - (y) The disposal price.
- (3) Any officer under whose control any asset falls shall promptly provide the Accounting Officers in writing with any information required to compile the asset register and, shall promptly advise the Accounting Officers in writing of any material change which may occur in respect of such information.
- (4) An asset shall be capitalized, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, where after it shall be appropriately capitalized as an asset.
- (5) The Accounting Officer shall ensure that a defined process and forms exist to update and maintain the asset register promptly.
- (6) An asset shall remain in the assets register for as long as it is in physical existence. The fact that an asset has been fully depreciated shall not in itself be a reason for removal of such an asset from the register.

5.5.3.16 Reconciliation of Fixed Asset Register and Accounting Records

- (1) The accounting officers shall prepare quarterly and annual reconciliations of the values as per asset register and the values as per the asset accounts in the general ledger/ accounting records.
- (2) In carrying out the reconciliation, the accounting officers shall ensure that:

- a) The opening balances of cost or valuation for each category of assets as reflected in the accounting records agree with the opening balances reflected in the asset register.
- b) The opening balances of accumulated depreciation for each category of assets as reflected in the accounting records agree with the opening balances reflected in the asset register.
- c) All additions are reflected in the accounting records as well as the register.
- d) All disposals are reflected in the accounting records as well as the register.
- e) The annual depreciation charge for each category of assets agree in both the asset register and the accounting records.
- f) Variances in any of the above parameters shall be investigated and resolved.

5.5.3.17 Verification and Condition Assessment of Physical Assets

Verification and condition assessments of assets reconciles the asset register to the physical assets, to confirm that the register is a complete and accurate record of an entity's physical asset holding. The objectives of verification and condition assessments are to:

- a) Verify the physical existence and completeness of assets recorded on the asset register.
- b) Review current useful lives and consider asset condition and asset performance indicators such as functionality, operational importance and usage.
- c) Review inventory levels and adherence to inventory management guidance.
- d) Assess the accuracy of details recorded on the asset register.

The guidelines are as follows:

- (a) Unreconciled differences shall be subject to investigation and follow-up of exceptions.
- (b) The Accounting Officers shall at least once during every financial year undertake a comprehensive verification and condition assessment of all assets controlled or used by the County Government.
- (c) The Accounting Officers shall document the results of asset verification and condition assessments, provided that each assessment shall be undertaken and completed as closely as possible to the end of each financial year, and that the resultant report shall finalized not later than 30 June of the year in question.
- (d) The County Government shall undertake regular assessment of the conditions and performance of all assets in order to determine the ability of these assets to continue to

perform and provide services into the future. Where appropriate, information collected on the condition shall be recorded in the asset register.

The assessment of the condition of assets shall be conducted in the following instances:

- (a) Before preparation of annual financial reports.
- (b) In case handover of assets by officers when leaving, and projects at closure.
- (c) In case of establishing of a case of embezzlement, misuse or impairment of assets.
- (d) In case of fire or other natural disasters and emergency situations.
- (e) In case of liquidation and re -organization including mergers and acquisitions, division or restructuring of a public sector entity.

5.5.3.18 Verification Assessment of Intangible Assets The

following guidelines shall be of significance:

- (1) The Accounting Officers shall, at least once during every financial year, undertake a comprehensive verification and condition assessment of all intangible assets controlled or used by the County Government.
- (2) The existence of intangible assets shall be ascertained through review of:
 - a) Related ownership and supporting documents.
 - b) Direct correspondence with third parties involved in the creation of the assets.

5.5.3.19 Valuation Approaches

Valuation of assets at the CGN shall be guided by the government valuation framework developed by The National Treasury. In other instances;

- (1) Valuation of assets and liabilities shall be conducted by licensed professional valuers in the relevant county and national government ministries and agencies.
- (2) In the absence of quoted prices for an identical asset, fair values are to be determined using valuation techniques that are appropriate in the circumstances and for which sufficient data is available.
- (3) Valuation techniques used to calculate fair value of assets fall into either of the following approaches:
 - a) A market approach
 - b) An income approach; or
 - c) A cost approach.

5.5.3.20 Borrowing/Lending of Assets between Entities

Assets may be taken away from the County Government premises only if their taking away/borrowing is authorized in writing beforehand by the CECM Finance. The guidelines to be followed include:

- (1) Requests to borrow assets are to indicate the specific need and expected period of use.
- (2) Where assets are routinely required to be used away from the County Government's premises in the pursuit of official business, standing written loan arrangements for individual officers or employees are to be put in place.
- (3) The borrowing public sector entity has a duty of care to ensure that the borrowed asset:
 - a) Is not lost or damaged.
 - b) Is returned by the specified date.
 - c) Is in good working condition.
- (4) The Accounting Officer shall maintain an asset sign-out register for all borrowings to record the following information:
 - a) Name of the borrower.
 - b) Contact details of the borrower.
 - c) Description of the asset;
 - d) Asset or attractive item tag number (where applicable) or equipment identifier. e) Date of loan.
 - f) Signature of the borrower.
 - g) Date asset returned.
- (5) Loans of physical assets to parties external to the County Government are to be recorded, as well as the loan being acknowledged in the asset sign-out register.
- (6) The CECM Finance shall sign-off on all assets borrowed by other entities from the County Government.
- (7) Where an asset has been on loan for at least six months, the loan arrangement shall be reviewed, and consideration given to making a permanent transfer of the asset subject to the consent of both parties. If such a transfer is not agreed to, either the asset should be returned to the County Government, or the loan arrangement allowed to continue with further reviews at six monthly intervals.

5.5.3.21 Handover of Assets by Officers

The guidelines to be followed include the following:

- (1) Where officers are leaving the County Government or where staff are transferred to another department within the County Government, they must complete the asset handover form in a format such as prescribed.
- (2) In case the assets are required by the County Government for the replacement staff, the assets should be handed over to the replacement staff in the presence of the CECM Finance. If the assets are no longer required, they should be returned to the store for reallocation to another user.
- (3) For highly personalized items, Where officers are transferred to another department within the County Government, they must complete the asset transfer form in a format such as prescribed and may continue holding the item in the department transferred to.

5.5.3.22 Losses and Write offs of Non-Financial Assets

- (1) Losses and write-offs of non-financial assets shall be in accordance with the provisions of sections 150 of the PFM Act, 2012. This is expounded in sections 138 – 152 of the PFM (County governments) Regulations, 2015. The regulations prescribe thresholds for write offs of losses.
- (2) In accordance with section 146 of the PFM (County governments) Regulations, 2015 the Accounting Officer shall maintain a register of all losses incurred during a financial year. The register is to be submitted to the Auditor General.
- (3) The loss register shall include the following details about each loss:
 - a) The details of the item lost or written off, for example, asset code, description, value.
 - b) A statement as to the circumstances of the loss, for example, dates, personnel involved, and how the loss occurred.
 - c) The loss category, for example, theft, or destroyed.
 - d) The corrective action taken.
 - e) The general ledger account and cost centre codes.
 - f) The preparer's name and title.
 - g) The name and title of the approval officer, who must have a losses delegation.
- (4) Write-offs of non-financial assets could be due to loss, theft, destruction, material impairment or decommissioning of the asset in question, among others.

- (5) The Disposal Committee shall report to the CECM Finance on any assets which it recommends to have written off, stating in full the reason for such recommendation.
- (6) Assets can only be written-off after preparation of a report by the Disposal Committee indicating that:
 - a) The asset has no further useful life.
 - b) The asset has been lost, stolen, obsolete, destroyed or damaged.
 - c) The asset is outdated.
 - d) Acceptable reasons have been furnished leading to the circumstances set out above.

5.5.3.23 Obsolescence

Obsolescence is the state which occurs when an object, service, or practice is no longer produced, used or out of date even though it may still be in good working order. Obsolescence can be functional, economic and physical. The guidelines are as follows:

- (1) If an asset is obsolete and beyond economic repair, but there is still need for continuation of services provided by the asset, a decision must be taken to either replace the asset, funds permitting, or to curtail delivery of services until funds for replacement are available. If funds for replacement are not readily available, it may also be necessary to repair the asset in order to continue providing services and planning its replacement in a future financial year.
- (2) The accounting officers is responsible for ensuring that assets are assessed for obsolescence and subsequent action taken.

5.5.3.24 Assets Hand-over after Project Closure

All project assets should be reported to the County Treasury quarterly. The Accounting Officer is responsible for ensuring that all project assets are correctly identified, recorded and reported.

- (1) After completion of a project, a proper closure procedure shall be carried out as part of the tasks. The Accounting Officer shall carry out the physical counts of fixed assets and update the fixed asset list before assets are handed over to become the property of the County Government.
- (2) The project assets received by the County Government shall be recorded in the books using book values as recorded in project records or at fair value.
- (3) The project assets, which were procured under a grant, will be transferred to the County Government.

- (4) The project coordinator and the Accounting Officer of the county government entity shall prepare an inventory of project assets and shall sign the inventory when the transfer takes place.
- (5) The Accounting officers shall notify the County Treasury of the additional assets for updating in the County Government fixed assets register.

5.5.4 Disposal of Non-Financial Assets

5.5.4.1 Introduction

Non-financial assets shall be disposed of in accordance with Parts XIV of the PPAD Act, 2015 and its attendant regulations.

Requirements for Disposal of Assets

The following requirements shall apply regarding disposal of assets:

1. The user department in liaison with the Asset Management Unit shall be responsible for identification of items due for disposal and capture them in the annual departmental disposal plan.
2. The CECM Finance shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent or surplus stores, equipment or assets.
3. The disposal committee shall comprehensively verify the fixed assets, and make recommendations for disposal.
4. The CECM Finance shall not dispose-off assets to an employee or a member of the board or the disposal committee except as expressly allowed under the PPADA and Regulations.
5. Highly personalized items may be disposed of by transfer to the employee to whom they were issued through the recommendation of the asset disposal committee and approval by the CECM Finance, provided the items have negligible residual value to the organization. The transfer to the employee should be reported to PPRA within 14 days.

5.5.4.2 Disposal Planning

A disposal plan should be an integral part of the asset management plan of the County Government. Significant revenues may arise from asset sales and such funds shall be handled in accordance with National Treasury guidelines on revenue management.

The disposal of assets shall be planned for in accordance with the sections 53 of the PPAD Act, 2015.

5.5.4.3 Disposal of Land and Buildings/ Immovable Property

- (1) Disposal of land and buildings shall require approval of the County Treasury in consultation with the National Lands Commission. All accounting officers shall submit a disposal proposal on land and buildings to the County Treasury.
- (2) The County Government shall submit a justification/business case for sale to the CECM Finance, as applicable, setting out the rationale and means of disposal, taking into account the requirements of the PPAD Act, 2015.
- (3) Decisions to dispose of property must take into account County Government objectives and, demonstrate delivery of best value for money.
- (4) The County Government shall not dispose immovable property ie land and buildings without due consideration of futuristic needs.

5.5.5 Accounting for Non-Financial Assets

5.5.5.1 Introduction

Accounting for non-financial assets are detailed in relevant IPSAS and IFRS for each category of assets in addition to other requirements that could be prescribed by the Cabinet Secretary, PSASB and other mandated body. The County Government is guided to apply accounting standards as currently approved by the PSASB.

5.5.5.2 Recognition

An item shall be recognized as a non-financial asset when:

- a) It is probable that future economic benefits or potential service delivery associated with the asset will flow to the County Government.
- b) The cost of the asset to the County Government can be measured reliably.
- c) The County Government has control over the asset.
- d) The costs is above the capitalization threshold; and
- e) The asset is expected to be used for more than one financial year.

Initial Measurement and subsequent measurement shall be as per the International Public Sector Accounting Standards (IPSAS 17)

5.5.5.3 Capitalization Threshold

The capitalization threshold is the value above which assets are capitalized and reported in the financial statements as non-financial assets as opposed to being expensed in the year of acquisition. The following guidelines shall apply:

- (1) The capitalization threshold of non- financial assets shall be based on specific categories of assets.
- (2) Non-financial assets with values below the prescribed thresholds shall be expensed but their management shall comply with the procedure on managing portable and attractive items as given in this policy.
- (3) The capitalization threshold shall not be applied to the components of an asset but shall be applied to the value of the capital asset as a whole.
- (4) In cases where the asset value is not known, the transitional provisional value shall apply as given in **Table 5:**

Table 5: Transitional Capitalization Threshold

Asset Class	Capitalization threshold
Land	Kshs 1 (All land)
Buildings and building improvements	Kshs 1 (All buildings)
Road infrastructure	Kshs 1 (All road infrastructure)
Other Infrastructure	Kshs 1 (All other infrastructure)
Motor vehicles and other transport Equipment	Kshs 1 (All transport equipment)
Computers and other ICT equipment	Kshs 50,000
Furniture, fittings & equipment	Kshs 50,000
Investment property	Kshs 1 (All investment [property])
Leased Assets (finance lease)	Threshold of class to which asset would belong if not subject to finance lease
Heritage assets	Kshs 1 (All heritage and cultural assets)
Work in Progress	N/A
Intangible assets: <input type="checkbox"/> Software Purchased. <input type="checkbox"/> Easements and rights. <input type="checkbox"/> Intellectual Property. <input type="checkbox"/> Other Intangibles	Kshs 100,000 Period in agreement
Asset Class	Capitalization threshold

Biological assets	Kshs 200,000
Subsoil assets	Threshold of class to which asset belongs
Plant and Machinery	Kshs 1 (All plant and machinery)

5.5.5.4 Subsequent Expenditure on Assets

The following guidelines shall be applicable:

- (1) Subsequent expenditure relating to an item of a non-financial asset that has already been recognized shall be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, shall flow to the County Government.
- (2) All other expenditure shall be recognized as an expense in the period in which it occurred.
- (3) Before allowing the capitalization of subsequent expenditure, the Accounting Officer must be satisfied that this expenditure:
 - a) Increases the life of that asset beyond that stated in the asset register; and/or
 - b) Increases the quality of service that asset beyond the existing level of service; and/or
 - c) Increases the quantity of services that the asset can provide; and/or
 - d) Reduces the future assessed costs of maintaining that asset.

5.5.5.5 Depreciation

Depreciation refers to a systematic allocation of a depreciable amount of an asset over its useful life. The depreciable amount of an item of non-financial assets shall be allocated over its useful life. The guidelines are as follows:

- (1) A full year depreciation is charged at the year of acquisition (at any time within the year) whereas no depreciation is charged during the year of disposal.
- (2) The depreciation charge for each period shall be recognized as an expense.
- (3) Depreciation of an asset shall begin when the asset is acquired.
- (4) Depreciation of an asset shall cease when the asset is derecognized.
- (5) In the case of intangible assets being included as non-financial assets, the procedures to be followed in accounting for the amortization of intangible assets shall be identical to those applying to the depreciation of tangible assets.
- (6) Depreciation shall not be provided on the following assets:
 - a) Land.

- b) Cultural heritage assets; and
 - c) Specialized equipment, exhibits, samples, functional and nonfunctional models, prototypes and other visual aids, belonging to laboratories and offices and used for scientific-research purposes.
- (7) Any Co-owned property, parties involved shall sign a co-owned agreement clearly showing the proportion of ownership hence, depreciation shall be shared accordingly.

5.5.5.5.1 Depreciation – Residual Values

The residual value of an asset is the estimated amount that the County Government would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The guidelines include:

- (1) Residual values shall be determined upon the initial recognition (capture) of assets.
- (2) The residual value of assets shall be reviewed annually at each reporting date.

5.5.5.5.2 Depreciation - Initial Determination of useful Life

The initial determination of the useful life of various categories of assets shall be determined in accordance with these Guidelines.

5.5.5.5.3 Depreciation – Review of Useful life The guidelines applicable shall include the following:

- (1) The useful life of an item of non-financial assets shall be reviewed annually and if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods shall be adjusted.
- (2) Changes in depreciation charges emanating from such adjustments should be accounted for as a change in accounting estimates in accordance with IPSAS 3 and IAS 8.
- (3) The County Government shall be guided to use depreciation rates applicable in the transition period of three years within which the National Treasury shall engage relevant stakeholders and give further guidance.

5.5.5.5.4 Depreciation –Depreciation Method

Depreciation on assets shall be charged on a reducing balance basis over the useful life of the asset.

Schedule of Useful Lives and Depreciation

	Asset Class	Estimated useful life (years)	Depreciation rate (%)
1.	Land	N/A	N/A
2.	Building and building improvements Buildings – Permanent Buildings – Semi permanent Buildings - Temporary	50 20 10	2 5 10
3.	Road infrastructure assets <i>Roads</i> Seal Coat Gravel Surface Asphalt Surface Concrete Surface Traffic Signals <i>Bridges</i> Timber Bridge Timber Redecking Metal Structure Bridge Concrete Bridge Concrete Redecking Movable Bridge	 5 5 10 30-40 15 10 12 30 50 25 50	 20 20 10 2.5 – 3.3 6.67 10 8.33 3.33 2 4 2
4.	Railway infrastructure	50	2
5.	Other Infrastructure <i>Electricity generation & supply infrastructure</i> Power station permanent building structures Plants and Power turbines	 50	 2

		20	5
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	Asset Class	Estimated useful life (years)	Depreciation rate (%)
	Distribution and transmission lines	10	10
	<i>Flood mitigation and drainage infrastructure</i>	50	2
	Permanent building structures	5	20
	Overland flow paths	10	10
	Underground drainage		
	<i>Water infrastructure</i>		
	Water collection points/ Permanent building structures	50 10	2 10
	Water purification facilities and machines	10	10
	Water storage facilities	5	20
	Pipe network	10	10
	Underground drainage		
	<i>Solid waste and sewerage disposal infrastructure</i>	50	2
	Permanent building structures	10	10
	Waste sorting and treatment facilities	5	20
	Pipe network		2
	<i>Aerodromes and Airstrips</i>	50	10
	Permanent building structures	10	
	Aerodromes 10%		
	<i>Sea Walls and Jetties</i>		
	Permanent building structures	50	
	Sea Walls and Jetties		
	<i>Other Infrastructure and Civil Works</i>		
	Permanent building structures		
	Others		

		20	2
		50	5
		5 – 20 as necessary	2
			5-20 as necessary

	Asset Class	Estimated useful life (years)	Depreciation rate (%)
6.	Motor Vehicles and Other Transport Equipment Saloon vehicles and pick-ups Heavy duty utility vehicles Lorries and diesel propelled vehicles above 4500cc	6 8 10	16.67 12.5 10
7.	Computer and other ICT Equipment	3.33	30
8.	Plant and machinery	Based on purpose of machinery	Based on purpose of machinery
9.	Furniture, Fittings & Equipment	8	12.5
10.	Heritage assets	N/A	N/A
11.	Biological assets	N/A	N/A
12.	Sub soil assets	Based on nature of assets e.g. buildings, equipment etc.	Based on nature of assets e.g. buildings, equipment etc.

13.	Work in Progress	N/A	N/A
14.	Investment property	For land and buildings, as applicable	For land and buildings, as applicable
15.	Leased Assets (finance lease)	Period of lease	As applicable
16.	Intangible assets Software Easements/ Right of way Quotas, licences, rights e.g. water, logging and minerals, airport landing etc. Patents* Copyrights**	5 - 8 Number of years defined in contract Number of years rights held based on the contract agreement 7 - 10 In accordance with section 23 of the Copyright Act of	 12.5 – 20 As applicable As applicable 10 – 14.3 As applicable

	Asset Class	Estimated useful life (years)	Depreciation rate (%)
	Industrial design* Utility models*	2001 (Revised 2017)** - see below 5 - 15 5 - 12	6.67 – 20 8.33 - 20

5.5.5.6 Revaluation of Non- Financial Assets The

following guidelines shall apply:

- (1) Land, buildings, infrastructure and intangible assets recorded in the County Government's asset register shall be revalued whenever need arises.
- (2) The Accounting Officers shall adjust the carrying value of the asset concerned to reflect in each instance the value of the non-financial asset after each valuation, provided the Accounting Officers are satisfied that such value reflects the fair value of the nonfinancial asset concerned.

- (3) The Accounting Officer shall ensure that an amount equal to the difference between the new (enhanced) annual depreciation expense and the depreciation expenses determined in respect of such non-financial asset before the revaluation is transferred annually from the revaluation reserve to the County Government's statement of change in net assets.
- (4) Revalued non-financial assets shall be carried in the asset register, and recorded in the annual financial statements, at their revalued amount less accumulated depreciation.

5.5.5.7 Accounting Treatment on Disposal of Non-Financial Assets

An item of non-financial asset shall be eliminated from the accounting records on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected. The following guidelines shall apply:

- (1) Proceeds arising from the retirement or disposal of non-financial assets shall be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset and, shall be recognized as revenue or expense in the statement of comprehensive income.
- (2) If the proceeds of the disposal are less than the carrying value recorded in the fixed asset register, such difference shall be recognized as a loss in the statement of comprehensive income . If the proceeds of the disposal, on the other hand, are more than the carrying value of the non-financial asset concerned, the difference shall be recognized as a gain in the statement of comprehensive income.
- (3) All gains realized on the disposal of non-financial assets shall be appropriated annually to the accumulated surpluses and all losses on the disposal of fixed assets shall remain as expenses on the statement of financial performance of the public sector entity.

5.5.5.8 Accounting for Work-in Progress The

following guidelines shall apply:

- (a) Work in Progress (WIP) relating to construction of assets shall not be capitalized but held in a separate WIP ledger account.
- (b) Depreciation is not applicable while assets are accounted for as WIP.
- (c) WIP relating to assets are transferred to the appropriate asset categories at the earliest occurrence of:

- (i) Execution of substantial completion of contract documents;
- (ii) Completion/ occupancy; and when the asset is placed in service.

5.5.5.9 Accounting for Abandoned Assets

An asset is considered to be abandoned when it ceases to be used. The following guidelines shall apply:

- (1) Depreciation expense shall continue to be recorded to the date of actual abandonment.
- (2) If an entity commits to a plan to abandon an asset before the end of its previously estimated useful life, depreciation estimates shall be revised to reflect the use of the asset over its shortened useful life.

5.5.5.10 Assets Held for Sale

The following guidelines shall apply:

- (1) A non-financial asset to be sold shall be classified as held-for-sale in the period in which all of the following criteria are met:
 - a) The Accounting Officers commits to a plan to sell the asset.
 - b) The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.
 - c) An active program to locate a buyer and other actions required to complete the plan to sell the asset has been initiated.
 - d) The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year.
 - e) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
 - f) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.
- (2) If at any time the above criteria are no longer met, a non-financial asset classified as held-for-sale shall be reclassified as held and treated in the relevant class of assets.
- (3) Assets classified as held-for-sale shall be recorded at the lower of their carrying amount or fair value less costs-to-sell.
 - a) Costs-to-sell include brokerage commissions, legal fees, title transfer fees, and other closing costs that shall be incurred prior to transfer of legal title to assets.

- b) An entity may not accrue expected future losses associated with the asset. Costs associated with the disposal (i.e. costs of consolidating or closing facilities) are to be recognized when the actual costs are incurred.
- (4) Asset classified as held-for-sale should be reclassified from the appropriate asset ledger account into a separate Assets-held-for-sale- account.
- (5) There may be instances when an entity, business or a division is being sold. As a result, both current and long-term liabilities need to be reclassified to liabilities related to assets held-for-sale.
- (6) The CECM Finance must approve all reclassifications to the assets held-for-sale and liabilities related to assets held-for-sale accounts.

5.5.5.11 Sale Leaseback Transactions

The County Government may sell an asset and simultaneously enter into a lease with that purchaser to leaseback a portion or the entire asset that was sold. The guidelines are as follows:

- a) Any gains associated with a sale-leaseback transaction shall be deferred and amortized over the term of the lease.
- b) If the gain is considered to be immaterial, there shall be no deferral of the gain.
- c) The lease shall be evaluated to determine whether the lease is to be accounted for as a capital or operating lease.

5.5.5.12 Financial Statement Disclosures

The disclosure requirements for non-financial assets are detailed in relevant IPSAS and IFRS for each category of assets in addition to other requirements that could be prescribed by the Cabinet Secretary, PSASB and other mandated body.

5.5.5 Financial Asset Management Guidelines

5.5.5.13 Introduction

Financial assets such as cash, bank deposits, and accounts receivable (money owed to an entity but not yet received) are used to manage the flow of cash in the County Government. The management and governance of financial assets depend on many factors, including legislative requirements (the PFM Act, 2012 requirements), their investment features, and the reason for, and time frame involved in, holding them.

5.5.5.14 Definition of Financial Asset

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity. Examples of financial asset are:

- (a) Cash and bank
- (b) Equity instruments of other entities held by the entity (for example, shares).
- (c) A contractual right to receive cash or another financial asset from another entity (i.e. receivables).
- (d) A contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity (for example derivatives)

5.5.5.15 Objectives of Financial Asset Guidelines

The key objectives of financial asset guidelines are to:

- a) Provide a framework for the prudent and effective management of financial assets.
- b) Ensure that financial assets are managed in accordance with current governing legislation and Government's strategic and commercial objectives.
- c) Manage financial assets in a sustainable and equitable way.
- d) Recognize the public ownership of these assets and the need for a balanced investment/risk profile.
- e) Ensure County Government assets are managed prudently and adequately safeguarded.
- f) Maximize income from financial assets, within a prudent level of risk.
- g) Ensure funds are available to meet the needs of the County Government.
- h) Maintain professional relationships with the County Government debtors, bankers, financial market participants and other stakeholders.
- i) Regularly review the performance and recoverability of financial assets.
- j) Maintain procedures and controls and provide timely and accurate financial and management information.

5.5.5.16 Acquisition of Financial Assets

- (1) The Accounting Officers shall ensure that applicable laws and regulations guide all acquisitions of financial assets.
- (2) The Accounting Officers shall be responsible for ensuring optimal mix of financial assets, including investment of funds, and shall manage such investments in compliance with any policy directives formulated by the County Treasury and prescriptions made by CECM Finance.

5.5.5.17 Control and Management of Financial Assets

- (1) The Accounting Officers shall implement efficient processes and systems capable of supporting the types of financial assets that are held by the County Government.
- (2) The control and management of financial assets shall include:
 - (a) Maintaining internal controls.
 - (b) Processing transactions and record keeping.
 - (c) Safeguarding assets.
 - (d) Review of losses and write offs.
 - (e) Treatment of unclaimed assets as well as liquidation/ utilization of disposal of the assets.

5.5.5.18 Maintaining Internal Controls

Financial assets are usually easier to buy, hold, and sell when compared to physical assets, can be owned in small or divisible amounts, and have values that are more responsive to changing circumstances and market conditions. Financial asset management operations therefore involve control of cash balances, marketable securities, and receivables.

Financial assets are susceptible to risk of loss due to error, misappropriation or theft. The market volatility of some of the financial assets may also increase the impact of such losses. In addition, financial assets are governed by legislation which should be adhered to in their acquisition, holding and operations.

A strong system of internal controls shall be set up by the County Government with respect to financial assets. The Accounting Officers shall establish support systems and processes integral to overall risk management and compliance processes.

5.5.5.19 Processing Transactions and Record Keeping for Financial Assets

The following guidelines shall apply:

- (1) The Accounting Officers shall ensure that proper records are kept of all financial assets acquired by the County Government, including:
 - a) Separate cash and bank records shall be maintained for each bank account and each imprest maintained by the County Government.
 - b) A separate record shall be maintained for each officer/ employee and regular customer of the County Government.

- c) A separate ledger account shall be maintained for each investment held.
- (2) The Accounting Officers shall ensure that necessary approvals are provided for all financial asset transactions in accordance with the procedures established by the County Government. Such transactions shall also be processed into the correct ledger accounts.
- (3) The Accounting Officers shall ensure that all interest and capital due to the County Government from its investments are received on a timely basis and, shall take appropriate steps or, cause such appropriate steps to be taken, if interest or capital is not received fully or on a timely basis.

5.5.5.20 Physical Security of Financial Assets

The Accounting officers are responsible for ensuring that adequate arrangements are developed, implemented and maintained for the security and control of all financial assets within the County Government, during and outside normal working hours, ensuring that:

- (1) As far as is practicable, cash shall be kept at a bank.
- (2) Petty cash is locked away in a secure place when not in use. Decisions shall be made regarding recording of the petty cash; amount of cash held; Storage and Management, including Ward Offices.
- (3) Where collections, salaries and wages/ contract labour payments, accountable advances, investment certificates or other financial assets are held in the custody of an authorized accounting officer, reasonable security is provided to restrict the access of unauthorized persons to those assets.
- (4) The Accounting Officer shall determine the cash requirements of the County Government in setting the limits of cash to be held at hand.
- (5) Due to accountability requirements, specifications for safes, strongboxes, and strong rooms shall be given special consideration before purchase.
- (6) Where a safe, strongbox or strong room is fitted with a combination lock, the combination relating to that lock must be known only by those officers responsible for opening the device at the beginning of each day and, reeling off the combination at the end of each day.
- (7) The combination must be changed:
 - a) Upon the departure of an officer previously using such device.
 - b) Where knowledge of the combination by un-authorized persons is suspected.

- c) Where an officer is no longer responsible for the safe, strongbox, or strong room.
or
 - d) At least annually.
- (8) A full set of spare keys to secure storage devices shall be placed in the safe custody of a bank or other place of security.
 - (9) Duplication of keys to security devices shall only be done with the written authorization of the Accounting Officer.
 - (10) In the case of any pre-arranged absence of the key holding officer, responsibility for the key/s may be transferred to another officer.
 - (11) The storage device shall be handed back to the key holding officer on his return after a count and recording of all assets in the storage device in the presence of two officers. All officers present shall sign off on the record, certifying all items have been handed back to the key holding officer.
 - (12) Where any discrepancy or other weakness is discovered in a check of any internal control system, the officer performing the check is to ensure that the discrepancy or weakness is immediately investigated and, action is taken to ensure that it is rectified.

5.5.5.21 Losses and Write offs of Financial Assets

Write-offs of financial assets shall be in accordance with the provisions of section 150 of the PFM Act, 2012 for county governments. This is expounded in regulations 138 – 152 of the PFM (County governments) Regulations, 2015.

5.5.5.22 Liquidation/ Utilization/ Disposal of Financial Assets

Financial assets can be eliminated or reduced in a number of ways:

- a) Disposal /sale of assets in the normal course of business, for example, sale of financial investments as well as utilization of cash and cash equivalents for purchase of assets or settlement of liabilities.
- b) Discounting, for example, of receivables.
- c) Write offs, for example, of receivables.
- d) Impairment, for example, of investments due to changes in valuation of shares held by an entity and, making provisions for bad debts; and
- e) Transfer to third parties, for example, factoring arrangements where receivables are sold to transferees for a consideration.

5.5.6 Accounting for Financial Assets

5.5.6.1 Recognition

In accordance with IPSAS 29, the County Government shall recognize a financial asset in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of a financial instrument.

5.5.6.2 Measurement

- (1) In accordance with IPSAS 29 at initial recognition, the County Government shall measure a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset. For the purpose of measuring a financial asset after initial recognition, IPSAS 29 classifies financial assets into the following four categories:
 - a) Financial assets at fair value through surplus or deficit.
 - b) Held-to-maturity investments.
 - c) Loans and receivables; and
 - d) Available-for-sale financial assets.
- (2) After initial recognition, the County Government shall measure financial assets at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:
 - a) Loans and receivables, which shall be measured at amortized/ adjusted cost using the effective interest method.
 - b) Held-to-maturity investments, which shall be measured at amortized/adjusted cost using the effective interest method.

5.5.6.3 Impairment of Financial Assets

In accordance with IPSAS 29, impairment of financial assets shall be recognized in stages as follows:

- a) Stage 1:** As soon as a financial instrument is originated or purchased, 12-month expected credit losses shall be recognized in profit or loss and a loss allowance is established.

- b) Stage 2:** If the credit risk increases significantly and is not considered low, full lifetime expected credit losses shall be recognized in profit or loss. The calculation of interest revenue is the same as for Stage 1.
- c) Stage 3:** If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue shall be calculated based on the amortized cost. Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognized on these financial assets.

5.5.6.4 De-recognition of Financial Assets

The County Government shall derecognize a financial asset when, and only when:

- a) The contractual rights to the cash flows from the financial asset expire or are waived; or
- b) It transfers the contractual rights to the financial asset thus transferring substantially all the risks and rewards of ownership of the financial asset.

5.5.6.5 Disclosure

- (1) Except where an Accounting Standard requires otherwise, assets shall be categorized in the Statement of Financial Position as either current or non-recurrent.
- (2) The County Government and its entity shall classify an asset as current when the asset is due to be realized within twelve months after the end of the financial year.
- (3) The County Government shall classify all other assets as non-current.
- (4) Financial assets shall be disclosed according to their nature, for example:
 - a) Cash and cash equivalents.
 - b) Receivables.
 - c) Investments.
 - d) Deposits and prepayments; and
 - e) Other financial assets.
- (5) The County Government shall present separately each material class of similar assets. This form of presentation assists users to identify significant characteristics of the performance, financial position and investment activities of the public sector entity.
- (6) The line item for 'other assets' shall not exceed ten percent of the value of total assets.
- (7) Where an asset is based on a fixed and predetermined amount, that asset shall be disclosed at cost. Where an asset is based on an estimate, the asset shall be at fair value.
- (8) Assets shall not be offset against liabilities unless required or permitted by an Accounting Standard.

5.6 LIABILITIES MANAGEMENT GUIDELINES

5.6.1 Introduction

A liability is a legally binding obligation payable to another entity. Liabilities presents obligations of an entity for an outflow from the entity of resources arising from past events. These liability management guidelines constitute the liability management policy and procedure guide, which clearly establishes what is required to identify, record, account for, and control liabilities for the County Government of Nyeri.

A liability has three essential characteristics:

- a) It embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand.
- b) The duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice, and the transaction or other event obligating the entity has already happened.

5.6.2 Characteristics of Liabilities

- (1) Liabilities include, but are not limited to:
 - a) Accounts payable.
 - b) Accruals.
 - c) Provisions.
 - d) Loans payable/ borrowings.
 - e) Pension and other employee entitlements; and
 - f) Other liabilities.
- (2) Capital commitments are liabilities relating to future periods due to obligations entered into by an entity.
- (3) Contingent liabilities are likely liabilities due to the occurrence of a future event.

5.6.3 Objectives of Liability Management

The objectives of these liability management guidelines are to ensure that:

- a) All liabilities are incurred for the official purposes of the County Government.

- b) All liabilities are approved in writing by the Accounting Officer.
- c) Proper and effective controls are maintained over the recording and payment of liabilities.
- d) Subject to overriding legal considerations, liabilities are incurred and are recorded in the name of the County Government.
- e) Liabilities are incurred in accordance with all relevant laws, regulations, contracts, agreements and other prescribed requirements and practices set down.
- f) Borrowings or other financial arrangements are approved by the Accounting Officer, and in accordance with any relevant statutory requirements.
- g) Liabilities are paid in accordance with the applicable payment terms and conditions.
- h) Liabilities are met from identified funds available under an approved budget.
- i) Transactions are supported by readily accessible records, documentation is systematically filed and, securely stored, and adequate audit trails are maintained.
- j) Relevant and reliable information is obtained to enable all internal and external reporting and, accountability requirements are satisfied.
- k) Liabilities are managed, controlled and reported in accordance with all statutory and organisational requirements; and
- l) To determine fiscal space (as applicable), i.e. to determine to what extent the County Government can accommodate more debt.

5.6.4 Establishment of Liability Management Systems

The Accounting Officer shall ensure that adequate systems, including effective internal controls, are established, maintained and documented to ensure that all liabilities are:

- a) Incurred with proper authorization.
- b) Promptly identified, assessed and recorded.
- c) Managed efficiently and effectively.
- d) Paid in accordance with the County Government payment guidelines.

5.6.5 Planning for Liabilities

Prior to authorizing the incurrence of any liability, any Accounting Officer must ensure that:

- a) Sufficient budgeted funds are available to allow the expense to be incurred and payment to be made when it falls due.

- b) The expenditure is for authorized official purposes and for the proper provision of goods and/or services in accordance with approved County Government tasks, goals and objectives; and
- c) The relevant requirements of any applicable public sector entity policies have been observed.

5.6.6 Processing of Liabilities

The following guidelines shall be considered:

- (1) Authority for the incurrence of liabilities must be in accordance with an County Government's liability management guidelines as well as the financial and procurement delegation thresholds.
- (2) All liabilities shall be verified to ensure payments are made to the correct service provider, for the correct amount and, for goods and services delivered.
- (3) The responsibility of the Accounting Officer is to ensure that the County Government pays only the County Government's bills and invoices that are legitimate and accurate.
- (4) Payments for liabilities must be made in accordance with the service provider's terms of agreement/ contract.
- (5) Procedures shall be established to ensure that all liabilities are paid at such a time as to maximize the County Government's cash flow and still take advantage of any discount terms offered.

5.6.7 Maintenance of Liability Records

Section 102 of the PFM (County governments) Regulations, 2015 requires the Accounting Officer to take all reasonable precautions to safeguard against damage, destruction or falsification of any financial record required to be kept by the provisions of the PFM Act, 2012, including records relating to liabilities. The following guidelines shall apply:

- (1) Vouchers shall be prepared to support all receipts and expenditure of public monies.
- (2) All accountable documents, whether manual or electronic, to be under strict control at all times.

5.6.8 Capital Commitments

Capital commitment is an intention to commit County Government resources (usually funds) to a future event, that:

- a) Is normally supported by a contract or a Purchase Order (PO).
 - b) Is normally quantifiable and, therefore, measurable
 - c) May extend over multiple reporting periods ; and
 - d) Binds parties to performance conditions.
- (1) The County Government may enter into a purchase contract before the reporting date for expenditure over subsequent accounting periods, for example, the purchase of major items of plant and equipment or significant consultancy contracts.
 - (2) A capital commitment does not meet the recognition criteria for liabilities as there is no present obligation for payment, however, commitments are required to be disclosed in the notes to the annual financial statements.
 - (3) A capital commitment becomes a liability when, for example:
 - a) Construction of an asset commences;
 - b) Items of equipment are received;
 - c) Office supplies are delivered; or external consultants commence their engagement.

5.6.9 Contingent Liabilities Register

A contingent liability is a potential liability that may or may not become an actual liability. Whether the contingent liability becomes an actual liability depends on a future event occurring or not occurring. Examples of contingent liabilities include among others:

- a) Legal claims against the County Government;
- b) Letters of support/ comfort;
- c) Indemnities,
- d) Insurance claims,
- e) PPP arrangements; and
- f) Guarantees and undertakings given to other entities in respect of transactions such as loans, interest payments or overdrafts.

The Accounting Officers shall maintain a contingent liability register, which must disclose the following information for each Contingent Liability:

- (i) A description of the liability
- (ii) The officer responsible for the management and settlement of the contingency.
- (iii) The value, if the value can be measured reliably.
- (iv) The way in which it arose, for example its source; and
- (v) Action taken relating to the Contingency, for example action to minimize loss.

5.6.10 Settlement of Liabilities

The settlement of a present obligation usually involves the County Government giving up resources embodying economic benefits in order to satisfy the claim of the other party.

Settlement of a present obligation may occur in a number of ways, for example, by:

- (a) The payment of cash or provision of services.
- (b) The transfer of related assets.
- (c) The replacement of that obligation with another obligation; and a creditor waiving or forfeiting rights.

5.6.11 Accounting for Liabilities

5.6.11.1 Recognition of Liabilities

A liability shall be recognized only when:

- (1) The transaction or event requiring a future sacrifice has occurred;
- (2) It is probable, that is, it is more likely rather than less likely, that a future sacrifice will be required to be made; and
- (3) The amount can be valued or estimated reliably without undue bias or error.

5.6.11.2 Measurement of Liabilities

In accordance with IPSAS 29, at initial recognition, an entity measures a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial liability. The guidelines are as follows:

- (1) After initial recognition, the County Government shall measure all financial liabilities at amortized/ adjusted cost using the effective interest method, except for:
 - a) Financial liabilities at fair value through surplus or deficit.
 - b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
 - c) Financial guarantee contracts. After initial recognition, an issuer of such a contract shall measure it at the higher of:
 - i) The amount determined in accordance with IPSAS 19; and
 - ii) The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IPSAS 19.

- d) Commitments to provide a loan at a below-market interest rate. After initial recognition, an issuer of such a commitment shall measure it at the higher of:
 - i) The amount determined in accordance with IPSAS 19; and
 - ii) The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IPSAS 19.
- (2) Financial liabilities that are designated as hedged items are subject to the hedge accounting requirements.

5.6.11.3 Estimation of Liabilities

Some liabilities can be measured only by using a substantial degree of estimation. The guidelines are as follows:

- (a) The Accounting Officer is responsible for the estimation of liability values. An estimate may need revision if changes occur in the circumstances upon which the estimate was based. Where the estimate is as a result of changes in circumstances, the revision of an estimate shall not affect prior periods and is not treated as a correction of an error.
 - (1) The County Government shall disclose information in the notes to the financial statements about the assumptions and/or estimations it makes about future events and the major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of liabilities within the next reporting period.
 - (2) Some liabilities, for example, a provision for outstanding legal claims, can only be measured using a substantial degree of estimation, for example, the likelihood of the claim being successful in the courts and by making assumptions about future events, for example, the likelihood of a settlement being reached between the parties.
 - (3) The risks associated with the misstatement increase significantly the more complex and subjective the assumptions and estimates are.
 - (4) Materiality is a key issue in the application of this disclosure requirement, which has as its focus, liabilities with large carrying amounts and with a huge risk of material misstatement, should the underlying estimates and assumptions prove to be incorrect.
 - (5) Where the County Government has substantial liabilities that have been measured on the basis of subjective assumptions and estimates, it shall apply a risk analysis of them.
 - (6) Where it is impracticable to disclose the extent of the possible effects of changes to the underlying assumptions and estimates made, the County Government shall disclose

that fact and also state that outflows within the next reporting period may be different due to variations to the assumptions made. This could require a material adjustment to the carrying amount of the liability in future reporting periods.

- (7) The Accounting Officer may consider employing financial planning tools to forecast cash flow and manage liabilities effectively.

5.6.11.4 De-recognition of Liabilities

The County Government shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged, waived, cancelled or expires.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in surplus or deficit.

5.6.11.5 Classification between Current and Non-Current Liabilities

The following guidelines shall be applicable:

- (1) Except where an Accounting Standard requires otherwise, liabilities shall be categorized in the Statement of Financial Position as either current or non-current. The County Government is deemed to have an operating cycle of twelve months for the purposes of classifying current and non-current liabilities.
- (2) The County Government shall classify a liability as current when the liability is due to be settled within twelve months after the end of the financial year.
- (3) The County Government shall classify all other liabilities as non-current.

5.6.11.6 Disclosures

The guidelines shall include:

- (1) Liabilities shall be disclosed according to their nature, for example:
 - a. Loans payable;
 - b. Accounts payable;
 - c. Accruals and provisions;
 - d. Employee entitlements; or
 - e. Other liabilities.

- (2) The County Government and its entities shall present separately each material class of liabilities.
- (3) The line item for 'other liabilities' shall not exceed ten percent of the value of total liabilities.
- (4) Where a liability is based on a fixed and predetermined amount, that liability shall be disclosed at cost. Where a liability is based on an estimate, the liability shall be at fair value.
- (5) Liabilities shall not be offset against assets unless required or permitted by an Accounting Standard.

6 CHAPTER SIX

MONITORING, EVALUATION AND REPORTING(MER)

6.1 Introduction

For the County Treasury to effectively track and monitor the implementation of this policy, the following monitoring, evaluation and reporting framework will apply:

6.2 Monitoring

The Accounting Officer/ Chief officer of every County Department is responsible for monitoring assets and liabilities management at the Departmental level in accordance with this ALM Policy and Procedure Manual. This shall be done through quarterly/annual reconciliation reporting to CECM finance and Economic planning at the County Treasury as shown in *Table 1 - Monitoring and Evaluation Implementation Plan*.

The County Treasury is responsible for overseeing the implementation of this ALM Policy and Procedural Manual and for ensuring that its provisions are adhered to and applied consistently across all County departments. Compliance and monitoring will be assessed through quarterly reviews of reports submitted by the County Government and its entities, field verification visits, optimal utilization tools used by entities, review of risk registers prepared by entities, and regular analysis of information provided.

The County Treasury shall assess the information included in departments/entities' financial statements for completeness and consistency with information provided for the purposes of procedural manuals.

The Internal Audit department will provide assurance on compliance of County Departments with these guidelines and raise any concerns on assets and liabilities management.

The County Treasury will facilitate continuous capacity building and training of accounting officers and their staff on the requirements of this policy.

6.3 Evaluation

The County Treasury will evaluate the implementation of this policy and report on the progress to the County Assembly annually. The annual reports will evaluate the accuracy, completeness and existence of Asset and Liability registers as well as accuracy of values attached to specific Assets and Liabilities. Through the consolidation process, Assets and Liabilities will be reconciled to ensure authenticity of amounts recorded. Annual additions of assets will be reviewed to ensure that value for money has been achieved in acquisition of assets.

6.4 Reporting

Accounting Officers shall ensure that quarterly and annual assets and liabilities reports, including assets and liabilities registers, risk registers, and optimal utilization reports, are submitted to the County Treasury in the prescribed formats.

All County departments are required to adopt this ALM Policy and Procedure Manual in its entirety.

County Treasury shall prepare a consolidated annual assets and liabilities status report for the County Government of Nyeri and report to the County Assembly.

The CECM Finance and Economic planning shall be responsible for submitting a copy of this asset and liability management policy and procedures manual to The National Treasury for review and concurrence, and subsequently to the County Assembly for approval.

The County treasury will submit all reports and relevant supporting documents to the National Treasury as provided in the guidelines issued from time to time.

6.5 Review of the policy

This policy document will be reviewed every 5 years after the effective date of enactment or from time to time on need basis to respond to:

- (1) changes in policy, legislation and regulatory environment;
- (2) change in applicable accounting frameworks; and/or
- (3) Trends in international best practices on assets and liabilities management.

The CECM Finance and Economic Planning is obligated to report any change to this policy document to all the County departments and its entities.

6.6 Effective Date

This Policy will become effective on.....